Placement Document
Not for Circulation
Serial Number:[●]
Strictly Confidential

MAGMA FINCORP LIMITED

Magma Fincorp Limited (our "**Company**" or the "**Issuer**") *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 is registered as a 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. The Corporate Identity Number of our Company is L51504WB1978PLC031813. For details, see "**General Information**" on page 275.*

Registered Office: Magma House, 24, Park Street, Kolkata 700 016, West Bengal, India
Tel: +91 33 4401 7350/7200; **Fax**: +91 33 4401 7731
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
E-mail: ir@magma.co.in; **Website**: www.magma.co.in

Our Company is issuing 32,258,064 equity shares of face value of ₹ 2 each (the "**Equity Shares**") at a price of ₹ 155.00 per Equity Share (the "**Issue Price**"), including a premium of ₹ 153.00 per Equity Share, aggregating to approximately ₹ 5,000.00 million (the "**Issue**"). For further details, see "***Summary of the Issue***" begining on page 32.

ISSUE IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULES MADE THEREUNDER, ALONGWITH CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS").

THIS ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS") AS DEFINED IN THE SEBI ICDR REGULATIONS IN RELIANCE UPON CHAPTER VIII OF THE SEBI ICDR REGULATIONS, AS AMENDED AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, AND RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QIBS. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES.

Invitations for subscription of Equity Shares have been made pursuant to and in accordance with the Preliminary Placement Document together with the respective Application Form (as defined hereinafter). For further information, see "***Issue Procedure***" beginning on page 224. The distribution of this Placement Document or the disclosure of its contents without our Company's prior consent to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and agrees to make no copies of this Placement Document or any documents referred to in this Placement Document.

Our Company's outstanding Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE on April 5, 2018 was ₹ 164.80 and ₹ 166.40 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the SEBI Listing Regulations (as defined herein) for listing of the Equity Shares have been received from BSE and NSE on April 5, 2018. Applications shall be made to the Stock Exchanges for obtaining the listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended) and this Placement Document (which also includes disclosures prescribed under Form PAS-4 under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended) has been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC and Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**") the Stock Exchanges or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" BEGINNING ON PAGE 68 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**U.S. Securities Act**") or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "***Selling Restrictions***" and "***Transfer Restrictions***" on beginning on pages 236 and 244, respectively.

The information on our Company's website, any website directly or indirectly linked to our Company's website, or the website of the Book Running Lead Managers or their respective affiliates does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

BOOK RUNNING LEAD MANAGERS			
IIFL Holdings Limited	**Kotak Mahindra Capital Company Limited**	**Edelweiss Financial Services Limited**	**Emkay Global Financial Services Limited**

This Placement Document is dated April 10, 2018.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to its best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company, our Subsidiaries and our Joint Ventures (collectively, the **"Group"**) and the Equity Shares, that is material in context of the Issue. The statements contained in this Placement Document relating to our Group and the Equity Shares to be issued pursuant to the Issue are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to our Group and the Equity Shares to be issued in the Issue are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Group and the Equity Shares to be issued pursuant to the Issue, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Managers have not separately verified all the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, employees, counsel, officers, directors, representatives, advisors, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers nor any of their respective shareholders, employees, counsel, officers, directors, representatives, advisors, agents or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with our Group and the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either the Book Running Lead Managers or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Group and the merits and risks involved in investing in the Equity Shares.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or our Group or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including SEBI, the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authority of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**"), or any state securities laws of the United States and unless so registered may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered, sold and delivered outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and in compliance with the applicable laws of the jurisdictions where those offers and sales are made. For a description of these and certain further restrictions on offers, sales and transfers of the Equity Shares and distribution of this Placement Document, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 236 and 244, respectively. Purchasers of the Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the sections "***Representations by Investors***" on page 4.

The distribution of this Placement Document and issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document nor this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, prospective investors must rely on their own examination of our Group and the Equity Shares and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document and disclosures included in "***Risk Factors***" on page 68.

The information on our Company's website, http://www.magma.co.in, any website directly and indirectly linked to the website of our Company or on the websites of the Book Running Lead Managers or their respective affiliates, does not constitute nor form part of this Placement Document. The prospective investors should not rely on such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information relating to investors in certain other jurisdictions, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 236 and 244, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged to and agreed with our Company and the Book Running Lead Managers, as follows:

- You are a 'QIB' as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws, including any reporting obligations;

- If you are not a resident of India, but a QIB, (i) you are an Eligible FPI as defined in the Preliminary Placement Document and the Placement Document and have a valid and existing registration with SEBI under the applicable laws in India; or (ii) a multilateral or bilateral development financial institution; or (iii) an FVCI and have a valid and existing registration with SEBI under applicable laws in India, and are eligible to invest in India under applicable law, including the FEMA 20, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets;

- You are eligible to invest in India under applicable laws, including the FEMA 20 and any notification, circulars or clarification issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities or otherwise accessing the capital markets;

- You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You have made, or been deemed to have made, as applicable, the representations set forth in the sections "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 236 and 244, respectively;

- You are aware that the Preliminary Placement Document and the Placement Document (which included and includes, as applicable, disclosures prescribed under Form PAS 4) have not been, and will not be, registered as prospectus under the Companies Act, 2013 and the SEBI ICDR Regulations or under any other law in force in India. This Placement Document has not been reviewed, verified or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority or statutory authority and is intended only for use by eligible QIBs.

- This Placement Document has been filed with the Stock Exchanges for record purposes only and this Placement Document has been displayed on the websites of our Company and the Stock Exchanges. Furthermore, the Placement Document will be filed with the RoC and SEBI in accordance with the provisions of the Companies Act, 2013;

- You are entitled to subscribe to, and acquire, the Equity Shares offered pursuant to the Issue under the laws of all relevant jurisdictions that apply to you and you have: (i) fully observed such laws; (ii) the necessary capacity; and (iii) obtained all necessary consents, governmental or otherwise, and authorizations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and that you will honour such obligations;

- Neither our Company nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Managers. Neither the Book Running Lead

Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material information relating to our Company and the Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended and the Companies Act, 2013, and the rules made thereunder;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Our Company or any of our Shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the allotment of the Equity Shares shall be at the discretion of our Company in consultation with the Book Running Lead Managers;

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures;

- You understand that the Equity Shares issued pursuant to the Issue will, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared or paid in respect of the existing Equity Shares after the date of issue of the Equity Shares;

- You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read it in its entirety, including in particular, the section "***Risk Factors***" beginning on page 68;

- In making your investment decision, you have (i) relied on your own examination of our Group and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue based solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, our Directors, our Promoter and Promoter Group and our affiliates or any other party, (iii) consulted your own independent counsel(s) and advisor(s) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters, (iv) relied solely on the information contained in the Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the Book Running Lead Managers or any of their respective shareholders, directors, advisors,officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not approach our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue, for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'Promoter' (as defined under Section 2(69) of the Companies Act, 2013 and the SEBI ICDR Regulations) of our Company or any of our affiliates and are not a person related to the Promoters, either directly or indirectly, and your Bid does not directly or indirectly represent the 'Promoter', or 'Promoter Group', (as defined under the SEBI ICDR Regulations) of our Company or persons relating to our Promoters;

- You have no rights under a shareholders' agreement or voting agreement with our Promoters or persons related to our Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares, which shall not be deemed to be a person related to our Promoters;

- You have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to Bid for and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- The Bid made by you would not result in triggering an open offer under the Takeover Regulations;

- To the best of your knowledge and belief, the number of Equity Shares Allotted to you pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

  a. The expression "belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details such as your name, address and number of Equity Shares Allotted) and if the Allotment of Equity Shares pursuant to the Issue results in you being one of the top ten shareholders of our Company, we shall also be required to disclose your name and shareholding details to the RoC within 15 days of Allotment under Section 93 of the Companies Act, 2013, and you consent to such disclosure being made by us;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the SEBI Listing Regulations, for the listing of the Equity Shares and for trading on the Stock Exchanges, were made and an in-principle approval has been received from the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing and trading in the Equity Shares will be obtained in time or at all. We shall not be responsible for any delay or non-receipt of such final approvals for listing and trading or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Managers have entered into a placement agreement with our Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly set out therein, agreed to manage the Issue and use reasonable efforts to procure subscriptions for the Equity Shares on terms and conditions set forth therein;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information relating to our Company which is not set forth in the Preliminary Placement Document;

- You understand that the contents of this Placement Document are exclusively the responsibility of our Company, and neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Preliminary Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Company or any of their respective affiliates or any other person, and neither the Book Running Lead Managers nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the Book Running Lead Managers and their affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares Allotted to and purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us or any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are aware that additional requirements would be applicable if you are in jurisdictions other than

India, as set forth under sections "***Selling Restrictions***" and "***Transfer Restrictions***" of this Placement Document and you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document) and will honour such obligations;

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales are being made only outside the United States in offshore transactions in reliance on Regulation S;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States, and unless so registered may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws, and that the Equity Shares are only being offered, sold and delivered outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act and in compliance with the applicable laws of each jurisdiction where those offers and sales are made;

- You agree and acknowledge that in terms of Section 42(7) of the Companies Act, 2013 and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, we shall file the list of QIBs (to whom the Preliminary Placement Document and this Placement Document have been circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- You agree that any dispute arising out of or in connection with the Issue will be governed by and construed in accordance with the laws of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any such disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares offered by way of the Issue;

- You agree to indemnify and hold our Company and the Book Running Lead Managers, their shareholders, directors, officers, employees, counsels, advisors or representatives and agents and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the representations, warranties, acknowledgements and undertakings made by you in the Preliminary Placement Document and this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- Our Company, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given by you to the Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable; and

- It is agreed that if any of such representations, warranties, acknowledgments and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Managers.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard, an FPI, other than Category III FPIs and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) (all such offshore derivative instruments referred to herein as "**P-Notes**"), directly or indirectly, only in the event (i) such P-Notes are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such P-Notes are issued after compliance with 'know your client' norms, and (iii) such offshore derivatives investments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs. P-Notes have not been and are not being offered or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions: (a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Prospective investors interested in purchasing a P-Note have the responsibility to obtain adequate disclosure as to the issuer of the P-Note and the terms and conditions of any such P-Notes from the issuer of such P-Note. The FPI is required to collect regulatory fee of US$1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of P-Notes issued by it and deposit the same with SEBI by way of electronic transfer in the designated bank account of SEBI. FPI is required to deposit this regulatory fee once every three years, provided that for the block of three years beginning April 1, 2017, the FPI shall collect and deposit the regulatory fee within two months from the date of notification of the Securities and Exchange Board of India (Foreign Portfolio Investors) (Fourth Amendment) Regulations, 2017 (i.e. July 20, 2017).

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal and tax advisers regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations, including without limitation, Indian laws, rules, regulations and guidelines applicable to P-Notes.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of, or claims on, the Book Running Lead Managers. FPI affiliates (other than Category III FPI and unregulated broad-based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the Book Running Lead Managers may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof.

DISCLAIMER CLAUSE

Disclaimer of the Stock Exchanges

As required, a copy of the Preliminary Placement Document and this Placement Document have been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;
2. warrant that the Equity Shares issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or
3. take any responsibility for the financial or other soundness of our Company, its Promoter, its management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document or this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against any of Stock Exchanges 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

Our Company is having a valid certificate of registration dated September 23, 2008 issued by the RBI under Section 45 IA of the RBI Act. 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 our Company and for repayment of deposits /discharge of liabilities by our Company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to:

- 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue;
- the 'Company', our 'Company' or 'Magma' or are to Magma Fincorp Limited;
- 'we', 'us' or 'our' are to Magma Fincorp Limited and its Subsidiaries and Joint Ventures;
- a particular year are to the calendar year ended on March 31.

In this Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to 'INR', '₹', 'Rs', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Our fiscal year commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year' or 'fiscal year' or 'fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

Our Company publishes its financial statements in Indian Rupees.

Unless otherwise indicated, all financial data in this Placement Document is derived from our Condensed Interim Financial Statements, Unaudited Financial Results and our Audited Financial Statements which are prepared in accordance with Indian GAAP. Indian GAAP differs in certain respects significantly from Ind-AS, International Financial Reporting Standards ("**IFRS**") and U.S. GAAP. We have not attempted to quantify the impact of Ind-AS, U.S. GAAP or IFRS on the financial data included in this Placement Document, nor have we provided a reconciliation of our consolidated financial statements to those of Ind-AS, U.S. GAAP or IFRS. Accordingly, the degree to which the consolidated financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Further, as per the current applicable Ind-AS implementation roadmap for NBFCs, our Company is required to implement Ind-AS for the accounting period beginning from April 1, 2018, in accordance with applicable law. Our Company has not attempted to or quantify their impact on the financial data included in this Placement Document, and the financial statements included in this Placement Document may not be comparable later and investors should consult their own advisors regarding such differences and their impact on our Company's financial information. For further details, see *"**Risk Factors**"* on page 68. We have conducted a preliminary review of the impact of Ind-AS on our accounting policies, details of which are disclosed in the section "***Summary of key differences between Indian GAAP and IND-AS***" beginning on page 148.

Except as otherwise mentioned, all figures in this Placement Document have been rounded off to the extent of two decimal places and all figures, in percentage terms, have been rounded off to two decimal places. Any discrepancies between the amounts listed and the totals thereof in this Placement Documents are are the result of such rounding off. Accordingly, figures shown as totals in certain tables, may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our Company's business consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless otherwise stated, statistical information included in this Placement Document pertaining to the business in which our Company operates, has been reproduced from trade, industry and government publications and websites. Our Company confirms that such information and data has been accurately reproduced, and that as far as it is aware and is able to ascertain from information published by third parties, no material facts have been omitted that would render the reproduced information inaccurate or misleading.

The information contained in this section is derived from the CRISIL research reports titled *"Retail Finance – Auto Finance"* and *"Retail Finance – Housing Finance"* released in February 2018, "*Auto Finance*" and "*NBFC's Overview*" dated November 2017 and other publicly available sources. The information sourced from the CRISIL Research reports are subject to following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Magma Fincorp Limited will be responsible for ensuring compliances and consequences of non-complainces for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates.

Neither our Company nor the Book Running Lead Managers have independently verified this data, nor does it or the Book Running Lead Managers make any representation regarding the accuracy of such data. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither our Company nor the Book Running Lead Managers can assure potential investors as to their accuracy. For further details, see "***Risk Factors- Some of the information disclosed in this Placement Document 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***.*"* at page 88.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical facts constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements and any projections contained in this Placement Document (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 the actual results, performance or achievements of our Company 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 the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements 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.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 68, 153, 175 and 111, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections.

The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. 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. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document and neither our Company nor the Book Running Lead Managers undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise.

If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company 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.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited company incorporated under the laws of India. Except for Madhumita Sen Dutta, all of our Directors and key managerial personnel are residents of India, and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended ("**Civil Code"**) on a statutory basis.

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or parties litigating under the same title except:

(a) where the judgement has not been pronounced by a court of competent jurisdiction;

(b) where the judgement has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgement to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgement has been obtained by fraud; or

(f) where the judgement sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by a district court in India. Under Section 14 of the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong, amongst others, has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment or award and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

On April 5, 2018, the exchange rate (RBI reference rate) was ₹ 65.06 to US$ 1 (*Source: www.rbi.org.in*)

(₹ Per US$)

	Period end	Average[(1)]	High[(2)]	Low[(3)]
Fiscal Year:				(₹ Per US$)
2018	65.04	64.45	65.76	63.35
2017	64.84	67.09	68.72	64.84
2016	66.33	65.46	68.78	62.16
Quarter ended:				
March 31, 2018	65.04	64.31	65.23	63.35
December 31, 2017	63.93	64.74	65.55	63.93
September 30, 2017	65.36	64.29	65.76	63.63
June 30, 2017	64.74	64.46	65.04	64.00
Month ended:				
March 31, 2018	65.04	65.02	65.23	64.80
February 28, 2018	65.10	64.37	65.10	63.61
January 31, 2018	63.69	63.64	63.98	63.35
December 31, 2017	63.93	64.24	64.54	63.93
November 30, 2017	64.43	64.86	65.52	64.41
October 31, 2017	64.77	65.08	65.55	64.76

Source: www.rbi.org.in

(1) *Represents the average of the official rate for each working day of the relevant period.*

(2) *Maximum of the official rate for each working day of the relevant period*

(3) *Minimum of the official rate for each working day of the relevant period*

Note: In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end. The exchange rates referenced above are based on the RBI reference rates and rounded off to two decimal places.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections "***Statement of Tax Benefits***" and "***Financial Statements***" beginning on pages 254 and 276, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
"the Company", "our Company", or "the Issuer"	Magma Fincorp Limited registered under Companies Act, with its registered office at Magma House, 24, Park Street, Kolkata 700 016, West Bengal, India
"we", "our" or "us"	Our Company together with its Subsidiaries, and Joint Ventures

Company Related Terms

Term	Description
Articles or Articles of Association	Articles of association of our Company, as amended
Audited Consolidated Financial Statements	Audited consolidated financial statements of assets and liabilities as of and for the fiscal years ended March 31, 2017, 2016 and 2015 and statement of profits and losses and cash flows for the fiscal years ended March 31, 2017, 2016 and 2015 read along with the respective notes thereto, prepared in accordance with Indian GAAP, and the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 together with the report for the relevant period issued by the statutory auditors for those respective periods
Audited Financial Statements	Audited Consolidated Financial Statements and Audited Standalone Financial Statements
Audited Standalone Financial Statements	Audited standalone financial statements of assets and liabilities as of and for the fiscal years ended March 31, 2017, 2016 and 2015 and statement of profits and losses and cash flows for the fiscal years ended March 31, 2017, 2016 and 2015 read along with the respective notes thereto, prepared in accordance with Indian GAAP, and the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 together with the report for the relevant period issued by the statutory auditors for those respective periods
Auditors or Statutory Auditors	B S R & Co. LLP, Chartered Accountants, statutory auditors of our Company
Board of Directors or Board	Board of directors of our Company or any duly constituted committee thereof
Condensed Interim Financial Statements	The consolidated and standalone condensed interim financial statements for the nine months period ended December 31 2017, prepared in accordance with Indian GAAP
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
Director(s)	Director(s) of our Company
Equity Share(s)	Equity share(s) of our Company of face value ₹ 2 each

Term	Description
Group	Our Company, our Subsidiaries and our Joint Ventures
JASPL	Jaguar Advisory Services Private Limited
Joint Ventures	The joint ventures of our Company, namely, MHDI and JASPL
Key Management Personnel	The key management personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see "***Board of Directors and Senior Management***" beginning on page 209
Magma Advisory	Magma Advisory Services Limited, our erstwhile subsidiary
Memorandum or Memorandum of Association	Memorandum of association of our Company, as amended
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
MRSOP	The Magma Restricted Stock Option Plan 2014
Preference Shares	Redeemable preference shares of our Company of face value of ₹ 100 each
Promoter and Promoter Group	Microfirm Capital Private Limited, Celica Developers Private Limited, Columbine Decorative & Marketing Private Limited, Mansi Poddar, Shaili Poddar, Kalpana Poddar and Ashita Poddar
Registered Office	The registered office is Magma House, 24, Park Street, Kolkata 700 016, West Bengal
RoC	Registrar of Companies, West Bengal
Committee of Directors	The committee authorised by our Board of Directors by a board resolution dated November 9, 2017
Shareholders	The shareholders of our Company
Subsidiaries	Subsidiaries of our Company, namely, MHFL and MITL
Unaudited Financial Results	The limited reviewed unaudited standalone and consolidated financial results of our Company for the six months period ended September 30, 2016 and 2017 and the nine months period ended December 31, 2017, prepared in accordance with Indian GAAP

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares by our Company (in consultation with the Book Running Lead Managers) to successful Bidders on the basis of the Application Form submitted by such successful Bidders, and in compliance with Chapter VIII of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Equity Shares pursuant to the Issue
Allottees	QIBs to whom Equity Shares Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder submit a Bid for the Equity Shares in the Issue
Bid(s)	Indication of interest of a Bidder, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares to be issued pursuant to the Issue
Bid/Issue Closing Date	April 10, 2018, which is the last date up to which the Application Forms were accepted by our Company (or the Book Running Lead Managers, on behalf of our Company)
Bid/Issue Opening Date	April 5, 2018, the date on which the acceptance of the Application Forms was commenced by our Company (or the Book Running Lead Managers on behalf of our Company)
Bidder	Any prospective investor, being a QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form

Term	Description
Bidding Period	The period between the Bid/Issue Opening Date and Bid/Issue Closing Date inclusive of both dates during which Bidders could submit their Bids including any revision and/or modifications thereof
Book Running Lead Managers or BRLMs	IIFL Holdings Limited, Kotak Mahindra Capital Company Limited, Edelweiss Financial Services Limited and Emkay Global Financial Services Limited
CAN or Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about April 12, 2018
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue which has been finalised by our Company in consultation with the Book Running Lead Managers
Designated Date	The date of credit of Equity Shares to the demat accounts of successful Bidders
Escrow Agreement	Agreement dated April 5, 2018, entered into amongst our Company, the Escrow Bank and the Book Running Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	ICICI Bank Limited
Escrow Bank Account	The account titled 'Magma Fincorp Ltd-QIP-Escrow Account' opened with the Escrow Bank, subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to the Issue shall be deposited
Floor Price	The floor price of ₹ 154.47, which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.
Issue	The offer, issue and Allotment of 32,258,064 Equity Shares each at a price of ₹ 155.00 per Equity Share, including a premium of ₹ 153.00 per Equity Share, aggregating to approximately ₹ 5,000.00 million pursuant to chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013
Issue Price	₹ 155.00 per Equity Share
Issue Size	The aggregate size of the Issue, which is approximately ₹ 5,000.00 million
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Pay-in Date	The last date specified in the CAN for payment of application monies by the successful Bidders
Placement Agreement	Placement agreement dated April 5, 2018 entered into between our Company and the Book Running Lead Managers
Placement Document	This placement document dated April 10, 2018 issued by our Company in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules prescribed thereunder
Preliminary Placement Document	The preliminary placement document dated April 5, 2018 issued to QIBs in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules prescribed

Term	Description
	thereunder
Pricing Date	The date of determination of the number of Equity Shares to be placed through the Issue and the Issue Price for the same
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being private placement to eligible QIBs under Chapter VIII of the SEBI ICDR Regulations and applicable sections of the Companies Act, 2013, read with applicable rules of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Relevant Date	April 5, 2018, which is the date of the meeting in which the Board of Directors of our Company or a duly authorized committee thereof decide to open the Issue

Business and Industry Related Terms

Term	Description
ALCO	Asset liability management committee
ALM	Assets and liability mismatch
AUM	Assets under management
Brickwork	Brickwork India
Capital Adequacy Ratio/ CRAR	Minimum Capital Ratio to be maintained by a NBFC as required under the Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
CARE	CARE Rating Limited
CPMI	Continuous portfolio monitoring indicators
CSR	Corporate Social Responsibility
DSA	Direct selling agents
DTL	Deferred tax liability
ECBs	External commercial borrowing
ED	Early delinquency
EWI	Early warning indicators
GDP	Gross domestic product
HCVs	Heavy commercial vehicles
HFC	Housing financing company
HFI	Housing finance institution
HR	Human Resource
ICRA	ICRA Limited
ID	Infant delinquency
India Ratings	India Ratings and Research Private Limited
KYC	Know your customer
LAP	Loans against property
LCVs	Light commercial vehicles
LIBOR	London Inter-bank Offered Rate
LTV	Loan to value
MFI	Microfinance Institution
NBFC	Non-Banking Financial Company
NHB	National Housing Board
Net NPAs	Net non-performing assets as per RBI regulations for banks or NBFCs
NPAs	Non-performing assets
OEM	Original equipment manufacturer
SLR	Statutory liquidity ratio
SME	Small and Medium Enterprise
SMERA	SMERA Ratings Limited
Total Assets	Total assets of our Company
Tier I Capital	As defined under RBI regulations for NBFCs

Term	Description
Tier II Capital	As defined under RBI regulations for NBFCs

Conventional and General Terms/Abbreviations

Term	Description
₹ / Rupees / INR	Indian Rupees
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 Standards issued by the Institute of Chartered Accountants of India
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 (without reference to to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013, as amended and the rules made thereunder to the extent in force pursuant to the notification of the Notified Sections
Depositories Act	The Depositories Act, 1996, as amended
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
EBITDA	Earnings before interest, taxes, depreciation and amortization
EGM	Extraordinary general meeting
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include qualified foreign investors or Category III Foreign Portfolio Investors (who are not eligible to participate in the Issue)
EPS	Earnings per share
ESOPs	Employee stock options
F&O	Futures and Options
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified under Circular No. D/o IPP F. No. 5(1)/2017-FC-1, effective from August 28, 2017, as amended from time to time
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended
Financial Year / Fiscal Year / Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FIPB	Erstwhile Foreign Investment Promotion Board
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.

Term	Description
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GDR	Global depository receipts
GoI / Government	Government of India
GST	Goods and services tax as imposed by the Central Goods and Services Tax Act, 2017
HFC	Housing finance companies registered under the National Housing Bank Act, 1987
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
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	The Insurance Regulatory and Development Authority of India
IT Act / Income Tax Act	The Income Tax Act, 1961, as amended
ITAT	Income Tax Appellate Tribunal
Mn	Million
MoU	Memorandum of understanding
NGOs	Non-government organisations
Notified Sections	Sections of Companies Act, 2013, as amended that have been notified by the Government of India
NCDs	Non Convertible Debentures
NRIs	Non-Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OFAC	Office of Foreign Assets Control of the U.S. Treasury Department
PAN	Permanent account number
PAT	Profit after tax
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, West Bengal
RSO	Restricted stock options
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended

Term	Description
U.K.	United Kingdom
U.S. GAAP	Generally accepted accounting principles in the United States of America
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
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	Cover page
b.	Date of incorporation of the company.	Cover page, 275
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	175
d.	Brief particulars of the management of the company.	209
e.	Names, addresses, DIN and occupations of the directors.	209
f.	Management's perception of risk factors.	68
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
i)	Statutory dues;	257
ii)	Debentures and interest thereon;	257
iii)	Deposits and interest thereon; and	257
iv)	Loan from any bank or financial institution and interest thereon.	257
h.	Names, designation, address and phone number, e-mail ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	Cover page, 275, 279
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	32, 105, 225, 275
b.	Date of passing of resolution in the general meeting, authorizing the offer of securities.	32, 105, 225, 275
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	Cover page, 19, 32, 275
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	Cover page, 19, 32, 275
e.	Name and address of the valuer who performed valuation of the security offered.	Not Applicable
f.	Amount which the company intends to raise by way of securities.	Cover page, 19, 32, 103
g.	Terms of raising of securities:	
(i).	Duration, if applicable;	Not Applicable
(ii).	Rate of dividend;	Not Applicable
(iii).	Rate of interest;	Not Applicable
(iv).	Mode of payment; and	Not Applicable
(v)	Mode of repayment.	Not Applicable
h.	Proposed time schedule for which the offer letter is valid.	224
i.	Purposes and objects of the offer.	103
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	103
k.	Principle terms of assets charged as security, if applicable.	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	219
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal	273

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
	action shall be disclosed.	
c.	Remuneration of directors (during the current year and last three financial years).	215
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	219, 276
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	144, 273
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.	273
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	273
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of the company in the following manner in a tabular form:	
(i)(a)	The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	105
(b)	Size of the present offer; and	105
(c)	Paid up capital:	105
(A)	After the offer; and	105
(B)	After conversion of convertible instruments (if applicable);	Not Applicable
(d)	Share premium account (before and after the offer).	105
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	105
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	107
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	34, 276
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	110
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	34
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	34, 276
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	144, 276
5.	**A DECLARATION BY THE DIRECTORS THAT**	
a.	The company has complied with the provisions of the Act and the rules made thereunder.	277, 278
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	

SUMMARY OF BUSINESS

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 among the leading non-banking finance companies in India with a primary lending focus on rural and semi-urban markets with customers across the country.

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. Since inception, we have served over 1.70 million customers. As of December 31, 2017, we had around 0.90 million active customers, of which approximately 0.50 million active customers were in our financing businesses and 0.40 million 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, 2017, we had a presence across 19 States and two Union Territories in India through 304 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 ₹ 111,821.01 million and ₹ 106,419.51 million as of March 31, 2017 and as of December 31, 2017, respectively.

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 ₹ 30,297.55 million and ₹ 27,845.70 million as of March 31, 2017 and as of December 31, 2017, respectively.

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 ₹ 18,887.29 million and ₹ 18,256.89 million as of March 31, 2017 and as of December 31, 2017, respectively.

General Insurance. We offer a range of general insurance products that include motor, health, liability, fire, engineering, marine and other insurance products. We distribute 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 was ₹ 4,228.80 million and ₹ 3,654.41 million for Fiscal 2017 and for the nine months ended December 31, 2017, respectively.

Certain notable awards received by us include the CSR Leadership Award, CIO Crown – Digital Innovation Award, 2017, CII National HR Excellence Award – Confluence and Conclave, 2015 and India Customer Service Leadership Award – The Vehicle Fleet Leasing Industry, India by Frost & Sullivan, 2016.

The following table sets forth certain information relating to our operations and financial performance in the periods specified:

(₹ million, except ratios and percentages)

	As of / For the year ended March 31, 2015	**As of / For the year ended March 31, 2016**	**As of / For the year ended March 31, 2017**	**As of / For the nine months ended December 31, 2017**
AUM(1)				
Asset Backed Finance	153,319.85	130,848.29	111,821.01	106,419.51
Mortgage Finance	28,487.07	33,677.72	30,297.55	27,845.70

	As of / For the year ended March 31, 2015	As of / For the year ended March 31, 2016	As of / For the year ended March 31, 2017	As of / For the nine months ended December 31, 2017
SME Finance	13,858.36	17,306.32	18,887.29	18,256.89
Total AUM	**195,665.28**	**181,832.33**	**161,005.85**	**152,522.10**
Gross NPA	9,516.27	14,646.73	10,797.12	10,854.79
Gross NPA/ AUM (%)	4.86%	8.06%	6.71%	7.12%
Net NPA	7,549.25	11,516.15	8,888.51	7,969.28
Net NPA/ AUM (net of provision) (%)	3.90%	6.44%	5.59%	5.33%
Net Worth (net of goodwill)	16,406.00	20,900.80	21,109.18	22,472.22
Return on Average Net Worth(2)	10.80%	11.06%	0.97%	9.73%#
Return on Average AUM(3) (%)	1.00%	1.13%	0.07%	1.35%#
Return on Average Total Assets(4)	1.33%	1.40%	0.09%	1.57%#
Net Interest Margin(5)	6.16%	6.97%	7.43%	8.67%
Revenue from (including operating result from general insurance business)	23,536.31	24,721.95	23,444.75	16,611.26
Profit after tax (before minority interest)	1,872.66	2,134.79	127.32	1,589.47
Disbursement(6)	101,152.36	71,803.05	67,158.17	50,538.21
General Insurance (Gross Written Premium)	5,548.14	4,273.67	4,228.80	3,654.41

 # Return on Average Net Worth, Return on Average AUM and Return on Average Total Assets for the nine months ended December 31, 2017 has been presented on an annualized basis.

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.
3. Return on Average AUM is calculated as the net profit (before minority interest) of our Company on a consolidated basis for the relevant year/ period as a percentage of Average AUM of our Company on a consolidated basis in such year/ period.
4. Return on Average Total Assets is calculated as the Net Profit (before minority interest) of our Company on a consolidated basis for the relevant year/ period as a percentage of Average Total Assets of our Company on a consolidated basis in such year/ period.
5. Net Interest Margin represents the ratio of the Net Interest Income to the Average AUM of our Company on a consolidated basis in the relevant year/ period. Note that the manner in which we have calculated and presented Net Interest Margin taking into account the Average AUM may not be comparable to that presented by other financial services companies.
6. 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 for which actual disbursement may have occurred subsequent to the relevant date.

Our Company's CRAR as of March 31, 2015, 2016, 2017, and December 31, 2017 were 16.30%, 18.72%, 20.37% and 20.28%, respectively. Our Tier I capital was ₹ 13,244.82 million, ₹ 17,709.91 million, ₹ 16,326.24 million and ₹ 16,984.56 million as of March 31, 2015, 2016, 2017 and December 31, 2017, 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 304 branches spanning across 19 States and two Union Territories in India, as of December 31, 2017. 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 DSAs and branches. Customers of these DSAs automatically become customers of the associated branches, allowing them to conduct their operations needs at the associated branch. Through our DSAs, 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 90 days past due portfolio, while the collections executives track and collect from customers in the past due 90 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 4.86%, 8.06%, 6.71% and 7.12% as at March 31, 2015, 2016 and 2017 and as at December 31, 2017, respectively, while our net NPAs as a percentage of our net advances were 3.90%, 6.44%, 5.59% and 5.33%, respectively. Our NPA provisioning coverage as at March 31, 2015, 2016 and 2017 and December 31, 2017 was 20.67%, 21.37%, 17.68% and 26.58%, 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. We introduced online payment mechanisms in August 2017 and the number of transaction increased from 784 in August 2017 to 5,806 in December 2017 using such mechanism. 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.

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 have 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. Under the 'Housing for All by 2022' mission, the Central Government has implemented credit-linked subsidy component as a demand-side intervention to expand institutional credit flow to the housing needs of people residing in urban regions (*Source: CRISIL Report*). 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 December 31, 2017, our asset backed financing business contributed to 69.77% of our total AUM. 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.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections "***Risk Factors***", "***Use of Proceeds***", "***Placement***", "***Issue Procedure***" and "***Description of the Equity Shares***" beginning on pages 68, 103, 234, 224 and 250 respectively.

Issuer	Magma Fincorp Limited
Face Value	₹ 2 per Equity Share
Issue Price	₹ 155.00 per Equity Share
Floor Price	₹ 154.47 per Equity Share. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.
Issue Size	Issue of 32,258,064 Equity Shares, aggregating to approximately ₹ 5,000.00 million. A minimum of 10% of the Issue Size i.e. up to 3,225,806 Equity Shares is available for Allocation to Mutual Funds only, and up to29,032,258 Equity Shares is available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs.
Date of Board resolution	November 9, 2017
Date of shareholders' resolution	December 22, 2017 passed through postal ballot
Eligible investors	QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations to whom the Preliminary Placement Document and the Application Form have been circulated and who are eligible to bid and participate in the Issue and QIBs not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations. See the sections "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 224, 236 and 244, respectively. The list of QIBs to whom the Preliminary Placement Document and Application Form have been delivered was determined by the Book Running Lead Managers in consultation with our Company, at their sole discretion.
Equity Shares issued and outstanding immediately prior to the Issue	237,028,672 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	Immediately after the Issue, 269,286,736 Equity Shares will be issued and outstanding.
Indian taxation	For details, see "***Statement of Tax Benefits***" beginning on page 254.
Listing and trading	Our Company has obtained in-principle approvals dated April 5, 2018 in terms of Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares pursuant to the Issue, from the Stock Exchanges. Our Company shall make application to each of the Stock Exchanges after Allotment to obtain final listing and trading approvals for the Equity Shares. The trading of the Equity Shares will be in dematerialised form and only in the cash segment of each of the Stock Exchanges
Lock-up	See the sub-section ***"Lock-up"*** of ***"Placement"*** on page 234 for a description of restrictions on our Promoter and Promoter Group in relation to Equity Shares.
Transferability restrictions	The Equity Shares Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the

	Stock Exchanges. See “***Transfer Restrictions***” beginning on page 244.	
Use of proceeds	The gross proceeds from the Issue are approximately ₹ 5,000.00 million. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹ 4,905.00 million. See “***Use of Proceeds***” beginning on page 103 for additional information.	
Risk factors	See “***Risk Factors***” beginning on page 68 for a discussion of risks you should consider before deciding whether to subscribe for the Equity Shares.	
Pay-In Date	Last date specified in the CAN sent to the QIBs for payment of application money.	
Approvals	The Issue has been authorised by the Board of Directors on November 9, 2017 and the Shareholders pursuant to a special resolution *vide* postal ballot dated December 22, 2017.	
Closing Date	The Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about April 12, 2018.	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The holders of Equity Shares (as on the relevant record date) Company will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders of our Company may attend and vote in shareholders’ meetings on the basis of one vote for every Equity Share held.	
Voting rights	See “***Description of the Equity Shares- Voting Rights***” beginning on page 252.	
Security Codes for the Equity Shares	ISIN	INE511C01022
	BSE Code	524000
	NSE Code	MAGMA

SUMMARY FINANCIAL INFORMATION

*The following summary financial information and other data should be read together with "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and our financial information, including the notes thereto and the reports thereon, which appear in the section **"Financial Statements"**. The summary financial information set forth below is derived from the Financial Statements prepared in accordance with Indian GAAP. Solely for the convenience of the reader, the selected data set out below is presented in a format different from our Audited Standalone Financial Statements, Audited Consolidated Financial Statements and our Condensed Interim Financial Statements and such data has been derived from the Audited Standalone Financial Statements, Audited Consolidated Financial Statements and the Condensed Interim Financial Statements. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Ind-AS, IFRS or other accounting principles.*

Summary standalone balance sheet

(₹ in millions)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Equity and liabilities				
Shareholders' funds				
Share Capital	473.95	473.92	603.68	1,350.89
Reserves and Surplus	20,023.83	19,905.02	19,840.46	13,454.66
Total	**20,497.78**	**20,378.94**	**20,444.14**	**14,805.55**
Non-Current Liabilities				
Long-Term Borrowings	22,447.61	23,867.74	26,036.34	28,817.33
Deferred tax liabilities (net)	-	-	-	146.54
Long-Term Provisions	2,540.06	1,853.48	2,914.43	1,979.46
Total	**24,987.67**	**25,721.22**	**28,950.77**	**30,943.33**
Current Liabilities				
Short-Term Borrowings	50,947.21	48,733.58	59,541.18	54,440.55
Trade Payables				
-Micro and Small Enterprises	-	-	-	-
-Other than Micro and Small Enterprises	3,031.91	1,830.74	1,608.34	1,989.11
Other Current Liabilities	12,858.08	17,112.35	17,985.74	20,513.42
Short-Term Provisions	232.97	142.66	558.03	425.50
Total	**67,070.16**	**67,819.32**	**79,693.29**	**77,368.58**
Grand Total	**112,555.61**	**113,919.47**	**129,088.20**	**123,117.47**
Assets				
Non-Current Assets				
Fixed Assets				
Tangible Assets	1,686.07	1,831.53	1,736.57	1,719.39
Intangible Assets	265.94	277.98	278.69	234.14

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Capital Work-in-Progress	56.79	54.89	118.65	80.57
Non-Current Investments	4,802.47	5,328.45	4,321.76	1,694.47
Deferred tax assets (Net)	113.64	197.17	276.29	-
Long-Term Loans and Advances				
- Assets on finance	61,189.75	60,571.51	73,960.79	71,771.53
- Others	1,763.55	1,876.85	263.60	195.16
Other non-current assets	1,156.77	1,691.37	823.26	981.58
Total	**71,034.97**	**71,829.74**	**81,779.60**	**76,676.83**
Current Assets				
Current investments	650.83	473.72	259.72	719.81
Trade Receivables	70.20	64.32	70.70	75.21
Cash and Cash equivalents	3,682.26	2,724.91	3,604.60	5,659.52
Short-Term Loans and Advances				
- Assets on finance	35,991.44	37,689.01	42,089.38	38,400.26
- Others	436.90	341.27	472.98	656.42
Other Current Assets	689.00	796.49	811.23	929.43
Total	**41,520.64**	**42,089.73**	**47,308.60**	**46,440.64**
Grand Total	**112,555.61**	**113,919.47**	**129,088.20**	**123,117.47**

Summary consolidated balance sheet

(₹ in millions)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Equity and liabilities				
Shareholders' funds				
Share Capital	473.95	473.92	603.68	1,706.45
Reserves and Surplus	22,141.30	21,247.26	21,039.15	16,168.19
Fair value change account	0.37	0.16	0.18	0.13
Total	**22,615.62**	**21,721.34**	**21,643.00**	**17,874.77**
Minority Interest	-	**341.96**	**419.16**	**398.15**
Non-Current Liabilities				
Long-Term Borrowings	27,233.26	31,092.94	33,131.62	35,686.21
Deferred tax liabilities (net)	-	-	-	71.20
Long-Term Provisions	3,261.75	2,258.75	3,491.92	2,325.99
Total	**30,495.01**	**33,351.69**	**36,623.54**	**38,083.41**
Current Liabilities				
Short-Term Borrowings	56,774.17	54,802.30	70,045.56	63,295.47
Trade Payables				
- Micro and Small Enterprises	-	-	-	-

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
- Other than Micro and Small Enterprises	3,113.19	1,976.01	1,833.51	2,254.02
Other Current Liabilities	19,619.26	22,868.48	23,366.39	25,672.47
Short-Term Provisions	1,052.73	890.37	1,314.03	1,246.52
Total	**80,559.34**	**80,537.15**	**96,559.48**	**92,468.48**
Grand Total	**133,669.97**	**135,952.14**	**155,245.19**	**148,824.80**
Assets				
Non-Current Assets				
Fixed Assets				
Tangible Assets	1,702.92	1,847.29	1,748.35	1,731.53
Intangible Assets	322.51	317.96	293.81	243.53
Goodwill on consolidation	143.03	612.00	612.00	143.03
Capital Work-in-Progress	60.61	75.35	130.43	87.52
Non-Current Investments	5,271.26	4,729.29	3,241.52	3,079.65
Deferred tax assets (Net)	120.11	197.43	388.02	-
Long-Term Loans and Advances				
- Assets on finance	77,775.07	78,243.69	94,954.33	90,996.49
- Others	1,101.21	983.09	167.30	232.68
Other non-current assets	1,323.45	1,976.16	1,349.18	1,361.34
Total	**87,820.17**	**88,982.26**	**102,884.93**	**97,875.77**
Current Assets				
Current investments	1,184.18	735.61	755.26	1,058.17
Trade Receivables	67.13	67.49	70.53	75.49
Cash and Cash equivalents	4,314.98	3,533.10	4,083.85	6,268.31
Short-Term Loans and Advances				
- Assets on finance	38,451.36	40,761.68	45,586.19	41,517.71
- Others	769.20	635.94	633.19	765.19
Other Current Assets	1,062.96	1,236.06	1,231.24	1,264.16
Total	**45,849.80**	**46,969.88**	**52,360.25**	**50,949.03**
Grand Total	**133,669.97**	**135,952.14**	**155,245.19**	**148,824.80**

Summary standalone Statement of Profit and Loss

(₹ in millions)

Particulars	For the nine months ended December 31, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
Revenues				
Revenue from Operations	14,290.85	19,729.79	21,096.40	20,187.75
Other Income	475.02	490.67	295.15	271.78
Total Revenues	**14,765.86**	**20,220.45**	**21,391.56**	**20,459.53**
Expenses				
Employee Benefit Expenses	2,363.38	2,302.08	2,465.82	2,896.97
Finance Cost	5,860.00	9,378.81	9,980.89	10,614.40
Depreciation and Amortization Expenses	362.10	482.87	393.44	345.15
Provisions and Bad Debts Written-off	2,459.96	5,423.25	3,373.64	2,225.56
Other Expenses	1,864.29	2,526.37	2,518.05	2,626.37
Total Expenses	**12,909.74**	**20,113.37**	**18,731.85**	**18,708.45**
Profit before Tax	**1,856.12**	**107.08**	**2,659.71**	**1,751.07**
Tax Expense:				
Current tax				
- current year	549.41	-	1,214.00	458.00
- earlier year	(10.09)	(33.01)	(2.96)	16.67
Deferred tax	83.53	79.12	(422.83)	(214.27)
Profit/ (Loss) after tax	**1,233.27**	**60.97**	**1,871.50**	**1,490.68**
Earnings per Share (EPS) (Weighted Average):				
Basic EPS (in ₹)	5.20	0.26	7.84	7.22
Diluted EPS (in ₹)	5.19	0.26	7.82	7.19

Summary Consolidated Statement of Profit and Loss

(₹ in millions)

Particulars	For the nine months ended December 31, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
Revenues				
Revenue from Operations	16,604.52	23,456.20	24,777.73	23,547.79
Operating Result from General Insurance Business	6.74	(11.45)	(55.78)	(11.49)
Other Income	472.73	549.77	341.35	323.49
Total Revenues	**17,083.99**	**23,994.52**	**25,063.31**	**23,859.80**
Expenses				

Particulars	For the nine months ended December 31, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
Employee Benefit Expenses	2,724.55	2,933.20	3,172.17	3,618.20
Finance Cost	6,889.48	11,254.45	11,915.96	12,329.36
Depreciation and Amortization Expenses	364.02	485.01	394.84	345.69
Provisions and Bad Debts Written-off	2,681.04	6,068.60	3,749.76	2,443.64
Other Expenses	2,024.64	2,785.35	2,772.36	2,888.01
Total Expenses	**14,683.73**	**23,526.60**	**22,005.09**	**21,624.90**
Profit before Tax	**2,400.26**	**467.91**	**3,058.22**	**2,234.90**
Tax Expense:				
Current tax	733.47	150.01	1,375.89	553.72
- current year	738.91	163.83	1,378.07	550.63
- earlier year	(10.15)	(13.85)	(2.25)	19.66
Share of current tax of joint venture	4.70	0.03	0.07	(16.57)
Deferred tax	77.33	190.58	(474.63)	(201.32)
Share of deferred tax of joint venture	-	-	22.17	9.84
Profit/ (Loss) after tax before Minority Interest	**1,589.47**	**127.32**	**2,134.79**	**1,872.66**
Minority Interest	-	(77.20)	21.02	65.99
Profit/ (Loss) after tax and Minority Interest	**1,589.47**	**204.53**	**2,113.77**	**1,806.67**
Earnings per Share (EPS) (Weighted Average):				
Basic EPS (in ₹)	6.71	0.86	8.89	8.88
Diluted EPS (in ₹)	6.69	0.86	8.86	8.84

Cash flow statement

Due to the different methods of computing cash flows adopted by MHDI, carrying on the business of insurance, which is mandated by the Insurance Regulatory and Development Authority, our cash flows could be better viewed when summarised as follows:

Standalone cash flow statement

(₹ in millions)

Particulars	For the nine month ended December 31, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
From / (used in) operating	10,194.11	24,063.31	7,139.34	833.36

Particulars	For the nine month ended December 31, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
activities				
From / (used in) investing activities	162.12	(1,801.43)	(2,436.73)	215.95
From / (used in) financing activities	(10,577.93)	(23,014.40)	(4,981.54)	(2,007.36)
Net increase / (decrease) in cash and cash equivalents	(221.70)	(752.52)	(278.92)	(958.05)
Cash and cash equivalents as at the beginning of the year	1,268.43	2,020.95	2,299.87	3,257.91
Cash and cash equivalents as at the end of the year	1,046.73	1,268.43	2,020.95	2,299.87

Consolidated cash flow statement

(₹ in millions)

Particulars	For the nine month ended December 31, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
From / (used in) operating activities	14,144.86	29,486.45	7,328.15	(3,047.52)
From / (used in) investing activities	(145.26)	(1,856.52)	(2,541.26)	(360.41)
From / (used in) financing activities	(14,242.57)	(28,443.18)	(4,982.66)	1,713.60
Net increase / (decrease) in cash and cash equivalents	(242.96)	(813.24)	(195.77)	(1,694.32)
Cash and cash equivalents as at the beginning of the year	1,416.96	2,230.21	2,425.98	4,120.30
Cash and cash equivalents as at the end of the year	1,174.01	1,416.96	2,230.21	2,425.98

SELECTED STATISTICAL INFORMATION

*The following financial, statistical and operational information is included for analytical purposes and should be read in conjunction with our Financial Statements for Fiscal 2015, 2016 and 2017 and our Unaudited Financial Results for the six months ended September 30, 2016 and 2017 and nine months ended December 31, 2016 Condensed Interim Financial Statements for the nine months ended December 31, 2017, included in this Placement Document in "**Financial Statements**" on page 276, as well as "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on page 111.*

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. However, note that these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs, HFCs or financial services companies in India or elsewhere.

MAGMA FINCORP LIMITED (CONSOLIDATED)

The following financial and statistical information relates to our Company on a consolidated basis and should be read in conjunction with our Audited Consolidated Financial Statements for Fiscal 2015, 2016 and 2017 and our Unaudited Financial Results for the six months ended September 30, 2016 and 2017 and nine months ended December 31, 2016 and Condensed Interim Financial Statements for the nine months ended December 31, 2017 in "***Financial Statements***" on page 276:

Return on Equity and Assets

The following table sets forth selected financial information relating to the return on equity and assets for our Company on a consolidated basis for the years/ periods indicated:

Particulars	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except percentages)						
Net Profit(1)	1,872.66	2,134.79	127.32	981.63	939.27	1,346.48	1,589.47
Average Total Assets(2)	140,303.20	152,034.99	145,598.66	150,462.71	133,036.58	151,122.27	134,811.06
Average AUM(3)	187,219.08	188,748.80	171,419.09	178,916.32	156,812.79	177,641.15	156,763.97
Average Net Worth(4)	15,650.36	18,653.40	21,004.99	21,393.18	21,465.81	21,579.80	21,790.70
Total Debt(5)	116,233.64	118,455.29	100,753.17	107,942.39	93,132.92	107,377.35	94,702.98
Return on Average AUM (%)(6)#	1.00%	1.13%	0.07%	1.10%	1.20%	1.01%	1.35%
Return on Average Total Assets (%)(7)#	1.33%	1.40%	0.09%	1.30%	1.41%	1.19%	1.57%
Return on Average Net Worth (%)(8)#	10.80%	11.06%	0.97%	9.10%	8.75%	8.31%	9.73%

 # Return on Average AUM, Return on Average Total Assets and Return on Average Net Worth for the nine months ended December 31, 2017 have been presented on an annualized basis.

1. Net Profit represents profit after tax and before minority interest of our Company on a consolidated basis for the relevant year/period.
2. Average Total Assets represents the average of our Company's total assets on a consolidated basis as of the last day of the relevant year/ period and our Company's total assets on a consolidated basis as of the last day of the immediately preceding year.

3. Average AUM for a year/period represents the average of AUM at the last day of each year/ period on a consolidated basis and as of the last day of the immediately preceding year. AUM represents loans and advances to customers and assigned or securitized contract balances as of the end of the relevant year/period. The manner in which we have calculated and presented AUM may not be comparable to, and may vary from, the manner in which such information is calculated and presented by other financial services companies.
4. 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 and reserves and surplus, as restated (including securities premium account and statutory reserve and surplus in statement of profit and loss) and net of goodwill.
5. Total Debt represents the aggregate of all our Company's borrowings (including, cash credit, non-convertible debentures, commercial papers and term loans and other facilities from banks and financial institutions excluding assignment or securitization of portfolio to banks and financial institutions and temporary book overdrawn from bank) on a consolidated basis as of the last day of the relevant year/ period.
6. Return on Average AUM is calculated as the net profit (before minority interest) of our Company on a consolidated basis for the relevant year/ period as a percentage of Average AUM of our Company on a consolidated basis in such year/ period.
7. Return on Average Total Assets is calculated as the Net Profit (before minority interest) of our Company on a consolidated basis for the relevant year/ period as a percentage of Average Total Assets of our Company on a consolidated basis in such year/ period.
8. 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.

Financial Ratios

The following table sets forth, for the years/periods indicated, certain financial ratios for our Company on a consolidated basis:

Particulars	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million, except percentages)				
AUM(1)	195,665.28	181,832.33	161,005.85	152,619.74	152,522.10
On-Book AUM(2)	132,740.63	140,989.15	119,680.54	112,916.08	116,827.96
Off-Book AUM(3)	62,924.66	40,843.18	41,325.30	39,703.67	35,694.15
Disbursements(4)	101,152.36	71,803.05	67,158.17	31,145.91	50,538.21
Gross NPA	9,516.27	14,646.73	10,797.12	10,970.06	10,854.79
Gross NPA / AUM (%)	4.86%	8.06%	6.71%	7.19%	7.12%
Net NPAs	7,549.25	11,516.15	8,888.51	8,360.59	7,969.28
Net NPAs / AUM (net of provision) (%)	3.90%	6.44%	5.59%	5.57%	5.33%

7. 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.
8. On-book AUM represents loans and advances to customers of our Company on a consolidated basis as of the end of the relevant year/ period.
9. Off-book AUM represents assigned or securitized contract balances of our Company on a consolidated basis as of the end of the relevant year/ period.
10. 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 for which actual disbursement may have occurred subsequent to the relevant date.

Particulars	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except percentages)						
Average AUM(1)#	187,219.08	188,748.80	171,419.09	178,916.32	156,812.79	177,641.15	156,763.97
Disbursement Growth (%)#	11.39%	(29.01)%	(6.47)%	0.63%	(12.41)%	(1.39)%	(3.51)%
Interest / Finance Income(2)	22,097.11	23,323.89	22,300.35	11,438.72	10,065.62	16,968.50	15,372.11
Other Financial Income(3)	1,439.20	1,398.06	1,144.40	600.32	739.82	876.76	1,239.15

Particulars	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except percentages)						
Other Income(4)	323.49	341.35	549.77	275.36	374.13	410.38	472.73
Total Operating Income(5)	23,859.80	25,063.31	23,994.52	12,314.40	11,179.57	18,255.64	17,083.99
Finance Costs(6)	12,329.36	11,915.96	11,254.45	5,963.78	4,682.79	8,685.36	6,889.48
Net Interest Income(7)	11,530.44	13,147.35	12,740.07	6,350.61	6,496.78	9,570.27	10,194.51
Operating Expense(8)	6,851.90	6,339.37	6,203.56	3,102.61	3,357.55	4,711.16	5,113.21
Cost of Borrowings (%)(9)#	10.27%	9.99%	9.81%	10.00%	9.33%	9.89%	9.22%
Credit Cost(10)	2,443.64	3,749.76	6,068.60	1,828.65	1,663.03	2,875.76	2681.04
Yield (%)(11)#	16.14%	16.28%	16.35%	16.35%	16.32%	16.35%	16.29%
Operating Expense / Average AUM (%)#	3.66%	3.36%	3.62%	3.47%	4.28%	3.54%	4.35%
Spread (%)(12)#	5.87%	6.29%	6.54%	6.35%	6.99%	6.46%	7.07%
Net Interest Margin (%)(13)#	6.16%	6.97%	7.43%	7.10%	8.29%	7.18%	8.67%

 # Cost of Borrowings, Yield, Spread, Net Interest Margin, Operating Expense / Average AUM, in the six months ended September 30, 2016 and 2017 and in the nine months ended December 31, 2016 and 2017 have been presented on an annualized basis.

1. Average AUM for a year/period represents the average of AUM at the last day of each year/ period on a consolidated basis and as of the last day of the immediately preceding year. AUM represents loans and advances to customers and assigned or securitized contract balances as of the end of the relevant year/period. The manner in which we have calculated and presented AUM may not be comparable to, and may vary from, the manner in which such information is calculated and presented by other financial services companies
2. Interest / Finance Income represents interest income from AUM (On-book and Off-book) of our Company on a consolidated basis in the relevant year/ period.
3. Other Financial Income represents upfront / processing fee relating to loan origination and other charges, interest on fixed deposits placed as collateral, investments in pass-through securities and debentures and the share of joint venture of our Company on a consolidated basis in the relevant year/ period.
4. Other income represents commission income, sale of power, gain on sale of fixed assets / investment, recoveries and miscellaneous income of Company on a consolidated basis in the relevant year/ period.
5. Total Operating Income represents the sum of Interest / Finance Income, Other Financial Income and other income of our Company on a consolidated basis in the relevant year/ period.
6. Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs of our Company on a consolidated basis in the relevant year/ period.
7. Net Interest Income represents Total Operating Income less the Finance Costs of our Company on a consolidated basis in the relevant year/ period.
8. Operating Expense represents employee benefit expense, other expenses and depreciation and amortization expenses of our Company on a consolidated basis in the relevant year/ period.
9. Cost of Borrowings represents the ratio of Finance Costs to the Average Borrowed Funds of our Company on a consolidated basis in the relevant year/ period.
10. Credit Cost represents non-performing asset provisions, contingency provisions against standard assets, and write-offs of our Company on a consolidated basis in the relevant year/ period.
11. Yield represents the weighted average return in respect of closing AUM of our Company on a consolidated basis in the relevant year/ period. Note that the manner in which we have calculated and presented Yield may not be comparable to that presented by other financial services companies.
12. Spread represents the difference between the Yield and the Cost of Borrowings of our Company on a consolidated basis in the relevant year/ period.
13. Net Interest Margin represents the ratio of the Net Interest Income to the Average AUM of our Company on a consolidated basis in the relevant year/ period. Note that the manner in which we have calculated and presented Net Interest Margin taking into account the Average AUM may not be comparable to that presented by other financial services companies.

AUM according to Product Category

The following table sets forth a breakdown of AUM of our Company on a consolidated basis, based on product categories:

Product Category	Assets Under Management									
	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of September 30, 2017		As of December 31, 2017	
	AUM	Percentage of Total AUM	AUM	Percentage of Total AUM	AUM	Percentage of Total AUM	AUM	Percentage of Total AUM	AUM	Percentage of Total AUM
	Audited						Unaudited			
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Commercial Finance										
Commercial Loans	118451.58	60.54%	96,741.57	53.20%	81,429.33	50.58%	78,615.79	51.51%	79,993.06	52.45%
Gold loan	70.70	0.03%	-	-	-	-	-	-	-	-
Total (A)	**118,522.28**	**60.57%**	**96,741.57**	**53.20%**	**81429.33**	**50.58%**	**78,615.79**	**51.51%**	**79,993.06**	**52.45%**
Small and Medium Enterprise Finance										
Small and Medium Enterprise Loans	13,858.36	7.08%	17,306.32	9.52%	18,887.29	11.73%	18,309.46	12.00%	18,256.89	11.97%
Total (B)	**13,858.36**	**7.08%**	**17,306.32**	**9.52%**	**18,887.29**	**11.73%**	**18,309.46**	**12.00%**	**18,256.89**	**11.97%**
Agriculture Finance (Tractor Finance)										
Agriculture Loans	34,797.57	17.78%	34,106.72	18.76%	30391.68	18.88%	27,424.59	17.97%	26,426.45	17.33%
Total (C)	**34,797.57**	**17.78%**	**34,106.72**	**18.76%**	**30391.68**	**18.88%**	**27,424.59**	**17.97%**	**26,426.45**	**17.33%**
Mortgage Finance										
Mortgage Loans	28,487.07	14.56%	33,677.72	18.52%	30,297.55	18.82%	28,269.90	18.52%	27,845.70	18.26%
Total (D)	**28,487.07**	**14.56%**	**33,677.72**	**18.52%**	**30,297.55**	**18.82%**	**28,269.90**	**18.52%**	**27,845.70**	**18.26%**
Grand Total [(A) + (B) + (C) + (D)]	**195,665.28**	**100.00%**	**181,832.33**	**100.00%**	**161,005.85**	**100.00%**	**152,619.74**	**100.00%**	**152,522.10**	**100.00%**

Geographic Spread of AUM

The following table sets forth the geographic spread of our AUM based on the State in which the contract was executed with the customer:

State	Assets Under Management									
	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Andhra Pradesh	6,260.87	3.20%	6,534.96	3.59%	6,802.86	4.23%	6,899.72	4.52%	7,111.51	4.66%
Bihar	7,047.33	3.60%	7,040.85	3.87%	7,735.65	4.80%	7,838.80	5.14%	7,939.42	5.21%
Chhattis garh	6,009.10	3.07%	5,394.37	2.97%	4,798.02	2.98%	4,503.23	2.95%	4,664.02	3.06%
Gujarat	10,491.80	5.36%	9,386.71	5.16%	7,774.90	4.83%	6,868.43	4.50%	6,641.37	4.35%
Jharkhan d	3,881.28	1.98%	3,724.21	2.05%	3,680.19	2.29%	3,497.95	2.29%	3,515.85	2.31%
Karnata ka	11,562.33	5.91%	11,621.77	6.39%	10,177.26	6.32%	9,051.16	5.93%	8,865.21	5.81%
Kerala	9,521.53	4.87%	8,859.79	4.87%	7,734.56	4.80%	7,587.65	4.97%	7,711.69	5.06%
Madhya Pradesh	15,930.05	8.14%	12,921.35	7.11%	9,809.18	6.09%	8,697.82	5.70%	8,384.09	5.50%
Maharas	18,007.39	9.20%	16,429.95	9.04%	14,519.03	9.02%	13,415.59	8.79%	13,179.12	8.64%

State	Assets Under Management									
	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
htra										
Delhi and Uttarakhand	13,569.43	6.94%	10,280.50	5.65%	7,897.93	4.91%	6,892.67	4.52%	6,981.74	4.58%
Haryana	13,873.33	7.09%	14,377.88	7.91%	11,670.11	7.25%	10,628.26	6.96%	10,461.75	6.86%
Odisha	6,892.16	3.52%	6,302.02	3.47%	5,895.45	3.66%	5,793.01	3.80%	5,840.28	3.83%
Punjab/ HP	6,908.31	3.53%	6,273.66	3.45%	5,643.68	3.51%	5,405.73	3.54%	5,536.58	3.63%
Rajasthan	16,577.87	8.47%	14,568.07	8.01%	12,296.49	7.64%	11,690.60	7.66%	11,602.67	7.61%
Tamil Nadu	7,493.10	3.83%	6,761.63	3.72%	5,656.92	3.51%	5,459.54	3.58%	5,479.57	3.59%
Telangana	9,602.69	4.91%	8,548.51	4.70%	7,510.08	4.66%	7,242.30	4.75%	7,209.70	4.73%
Uttar Pradesh	23,338.23	11.93%	24,092.15	13.25%	22,994.34	14.28%	22,519.23	14.76%	22,772.52	14.93%
West Bengal	8,698.48	4.45%	8,713.95	4.79%	8,409.20	5.22%	8,628.05	5.65%	8,625.01	5.65%
Total	**195,665.28**	**100.00%**	**181,832.33**	**100.00%**	**161,005.85**	**100.00%**	**152,619.74**	**100.00%**	**152,522.10**	**100.00%**

The following table sets forth the geographic spread of our AUM based on the region in India in which the contract was executed with the customer:

Region	Assets Under Management									
	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
North(1)	74,267.17	37.96%	69,592.26	38.27%	60,502.55	37.58%	57,136.49	37.44%	57,355.26	37.60%
South (2)	44,440.52	22.71%	42,326.66	23.28%	37,881.68	23.53%	36,240.37	23.75%	36,377.68	23.86%
West(3)	50,438.34	25.78%	44,132.38	24.27%	36,901.13	22.92%	33,485.07	21.94%	32,868.60	21.55%
East(4)	26,519.25	13.55%	25,781.03	14.18%	25,720.49	15.97%	25,757.81	16.88%	25,920.56	16.99%
Total	**195,665.28**	**100.00%**	**181,832.33**	**100.00%**	**161,005.85**	**100.00%**	**152,619.74**	**100.00%**	**152,522.10**	**100.00%**

1. North includes the States of Himachal Pradesh, Delhi, Uttrakhand, Haryana, Punjab, Rajasthan, and Uttar Pradesh.
2. South includes the States of Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu.
3. West includes the States of Gujarat, Maharashtra, Chattisgarh, and Madhya Pradesh.
4. East includes the States of, Bihar, Jharkhand, Odisha and West Bengal.

Funding Sources

The following table sets forth certain information relating to our funding sources on a consolidated basis:

Particulars	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	Audited						Unaudited			
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Long Term Borrowings										
Secured Redeemable non-	9,905.00	8.52%	5,900.00	4.98%	1,600.00	1.59%	2,800.00	3.01%	2,800.00	2.96%

Particulars	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	Audited						Unaudited			
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
convertible debentures										
Unsecured Subordinated non-convertible perpetual debentures	1,055.00	0.91%	1,125.00	0.95%	1,331.00	1.32%	1,341.00	1.44%	1,341.00	1.42%
Subordinated redeemable non-convertible debentures	7,793.00	6.70%	7,743.00	6.54%	7,803.00	7.74%	7,303.00	7.84%	6,053.00	6.39%
Secured Term loans from banks	14,028.49	12.07%	16,920.56	14.28%	19,274.02	19.13%	17,181.18	18.45%	16,032.12	16.93%
Secured Term loans from others (financial institutions)	2,696.57	2.32%	1,372.63	1.16%	83.69	0.08%	17.54	0.02%	6.11	0.01%
Unsecured from banks	-	0.00%	-	0.00%	1,000.00	0.99%	1,000.00	1.07%	1,000.00	1.06%
Unsecured from others	208.15	0.18%	70.04	0.06%	-	0.00%	-	-	-	-
Share of borrowings of joint venture	-	-	0.39	0.00%	1.23	0.00%	1.10	0.00%	1.03	0.00%
Total (a)	**35,686.21**	**30.70%**	**33,131.62**	**27.97%**	**31,092.94**	**30.86%**	**29,643.81**	**31.83%**	**27,233.25**	**28.76%**
Short Term Borrowings										
Secured from banks	1,000.00	0.86%	750.00	0.63%	500.00	0.50%	-	0.00%	-	0.00%
Unsecured Commercial papers	8,414.51	7.24%	7,387.16	6.24%	6,007.51	5.96%	6,775.36	7.27%	6,547.97	6.91%
Secured cash credit facilities from banks	16,780.99	14.44%	25,608.40	21.62%	12,544.79	12.45%	14,360.67	15.42%	23,826.20	25.16%
Secured working capital demand loans from banks	37,099.97	31.92%	36,300.00	30.64%	35,750.00	35.48%	31,700.00	34.04%	26,400.00	27.88%
Total (b)	**63,295.47**	**54.46%**	**70,045.56**	**59.13%**	**54,802.30**	**54.39%**	**52,836.03**	**56.73%**	**56,774.17**	**59.95%**
Other current liabilities										
Current maturities of long term borrowings	17,251.96	14.84%	15,278.11	12.90%	14,857.93	14.75%	10,653.08	11.44%	10,695.56	11.29%
Total (c)	17,251.96	14.84%	15,278.11	12.90%	14,857.93	14.75%	10,653.08	11.44%	10,695.56	11.29%
Total [(a) + (b) + (c)]	**116,233.64**	**100.00%**	**118,455.29**	**100.00%**	**100,753.17**	**100.00%**	**93,132.92**	**100.00%**	**94,702.98**	**100.00%**

Interest Coverage Ratios

The following table sets forth interest coverage ratios for our Company on a consolidated basis for the years/ periods indicated:

Interest Coverage Ratios	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except ratios)						
(i) Profit before tax	2,234.90	3,058.22	467.91	1,419.35	1,476.20	1,983.35	2,400.26
(ii) Non-Cash Expenses(1)	2,664.96	3,991.53	6,294.22	1,930.24	1,723.07	3,061.20	2,803.15
(iii) Finance Costs(2)	12,329.36	11,915.96	11,254.45	5,963.78	4,682.79	8,685.36	6,889.48
(iv) Total [(i)+(ii)+(iii)]	17,229.22	18,965.71	18,016.58	9,313.37	7,882.06	13,729.91	12,092.89
(v) Interest Coverage Ratio ((iv)/(iii))	1.40	1.59	1.60	1.56	1.68	1.58	1.76

1. Non-cash expenses includes depreciation and amortization, provision for loan assets/ bad debts written off (net of recoveries and delinquency fund) and contingent provisions against standard assets (net) of the end of the relevant year/ period.
2. Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs in the relevant year/ period.

MAGMA FINCORP LIMITED (STANDALONE)

The following financial and statistical information relates to our Company on a standalone basis and should be read in conjunction with our Audited Standalone Financial Statements for Fiscal 2015, 2016 and 2017 and our Unaudited Financial Results for the six months ended September 30, 2016 and 2017 and nine months ended December 31, 2016 and the Condensed Interim Financial Statements for the nine months ended December 31, 2017 in *"**Financial Statements**"* on page 276:

Return on Equity and Assets

The following table sets forth selected financial information relating to the return on equity and assets for our Company on a standalone basis for the years/ periods indicated:

Particulars	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except percentages)						
Net Profit(1)	1,490.68	1,871.50	60.97	791.51	759.44	1,085.88	1,233.27
Average Total Assets(2)	118,148.69	126,102.83	121,503.83	124,720.14	111,962.09	125,798.57	113,237.54
Average AUM(3)	164,150.00	161,108.32	144,073.34	149,949.64	132,087.42	149,045.60	132,243.07
Average Net Worth(4)	13,237.84	17,074.82	20,346.53	20,715.82	20,645.65	20,863.68	20,438.36
Total Debt(5)	97,239.21	98,249.20	84,908.37	89,005.46	79,568.37	89,619.19	81,263.90
Return on Average AUM (%)(6)#	0.91%	1.16%	0.04%	1.06%	1.15%	0.97%	1.24%
Return on Average Total Assets (%)(7)#	1.26%	1.48%	0.05%	1.27%	1.36%	1.15%	1.45%
Return on Average Net Worth (%)(8)#	10.38%	10.66%	0.30%	7.64%	7.36%	6.94%	8.05%

 # Return on Average AUM, Return on Average Total Assets and Return on Average Net Worth for the nine months ended December 31, 2017 have been presented on an annualized basis.

1. Net Profit represents profit after tax of our Company on a standalone basis for the relevant year/period.

2. Average Total Assets represents the average of our Company's total assets on a standalone basis as of the last day of the relevant year/ period and our Company's total assets on a standalone basis as of the last day of the immediately preceding year.
3. Average AUM for a year/period represents the average of AUM at the last day of each year/ period on a standalone basis and as of the last day of the immediately preceding year. AUM represents loans and advances to customers and assigned or securitized contract balances as of the end of the relevant year/period. The manner in which we have calculated and presented AUM may not be comparable to, and may vary from, the manner in which such information is calculated and presented by other financial services companies.
4. Average Net Worth represents the average of our Company's net worth on a standalone basis as of the last day of the relevant year/ period and our Company's net worth on a standalone 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 and reserves and surplus, as restated (including securities premium account and statutory reserve and surplus in statement of profit and loss).
5. Total Debt represents the aggregate of all our Company's borrowings (including, cash credit, non-convertible debentures, commercial papers and term loans and other facilities from banks and financial institutions excluding assignment or securitization of portfolio to banks and financial institutions and temporary book overdrawn from bank) on a standalone basis as of the last day of the relevant year/ period.
6. Return on Average AUM is calculated as the net profit of our Company on a standalone basis for the relevant year/ period as a percentage of Average AUM of our Company on a standalone basis in such year/ period.
7. Return on Average Total Assets is calculated as the Net Profit of our Company on a standalone basis for the relevant year/ period as a percentage of Average Total Assets of our Company on a standalone basis in such year/ period.
8. Return on Average Net Worth is calculated as the aggregate of Net Profit on a standalone basis for the relevant year/ period as a percentage of Average Net Worth on a standalone basis in such year/ period.

Financial Ratios

The following table sets forth, for the years/periods indicated, certain financial ratios for our Company on a standalone basis:

Particulars	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million, except percentages)				
AUM[(1)]	169,212.14	153,004.49	135,142.19	129,032.66	129,343.96
On-Book AUM[(2)]	110,398.21	116,498.80	98,935.69	94,164.53	97,782.72
Off-Book AUM[(3)]	58,813.92	36,505.70	36,206.50	34,868.14	31,561.24
Disbursements[(4)]	87,498.86	60,107.38	59,674.97	28,603.65	46,484.40
Gross NPA	8,300.51	12,507.35	8,968.41	9,087.65	8,810.03
Gross NPA / AUM (%)	4.91%	8.17%	6.64%	7.04%	6.81%
Net NPAs	6,586.42	9,848.77	7,382.49	7,081.27	6,566.15
Net NPAs / AUM (net of provision) (%)	3.93%	6.55%	5.53%	5.57%	5.17%

1. AUM represents loans and advances to customers and assigned or securitized contract balances of our Company on a standalone 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. On-book AUM represents loans and advances to customers of our Company on a standalone basis as of the end of the relevant year/ period.
3. Off-book AUM represents assigned or securitized contract balances of our Company on a standalone basis as of the end of the relevant year/ period.
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 standalone balance sheet as of the relevant date for which actual disbursement may have occurred subsequent to the relevant date.

Particulars	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except percentages)						
Average AUM[(1)#]	164,150.00	161,108.32	144,073.34	149,949.64	132,087.42	149,045.60	132,243.07
Disbursement Growth (%)[#]	7.17%	(31.30)%	(0.72)%	(1.32)%	(6.12)%	1.51%	1.56%
Interest / Finance Income[(2)]	19,000.48	19,920.47	18,803.44	9,655.38	8,678.47	14,310.89	13,219.86

Particulars	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except percentages)						
Other Financial Income(3)	1,187.27	1,175.93	926.35	477.40	629.27	700.42	1,070.99
Other Income(4)	271.78	295.15	490.67	240.05	369.50	357.82	475.02
Total Operating Income(5)	20,459.53	21,391.55	20,220.45	10,372.83	9,677.24	15,369.12	14,765.86
Finance Costs(6)	10,614.40	9,980.89	9,378.81	4,969.92	3,971.64	7,227.59	5,860.00
Net Interest Income(7)	9,845.12	11,410.66	10,841.64	5,402.92	5,705.60	8,141.54	8,905.86
Operating Expense(8)	5,868.49	5,377.32	5,311.32	2,609.09	3,008.79	3,978.44	4,589.78
Cost of Borrowings (%)(9)#	10.27%	10.01%	9.80%	10.00%	9.29%	9.89%	9.17%
Credit Cost(10)	2,225.56	3,373.64	5,423.25	1,643.61	1,554.62	2,555.08	2,459.96
Yield (%)(11)#	16.18%	16.43%	16.58%	16.57%	16.59%	16.58%	16.57%
Operating Expense / Average AUM (%)#	3.58%	3.34%	3.69%	3.48%	4.56%	3.56%	4.63%
Spread (%)(12)#	5.92%	6.42%	6.78%	6.56%	7.30%	6.69%	7.40%
Net Interest Margin (%)(13)#	6.00%	7.08%	7.53%	7.21%	8.64%	7.28%	8.98%

 # Cost of Borrowings, Yield, Spread, Net Interest Margin, Operating Expense / Average AUM, in the six months ended September 30, 2016 and 2017 and in the nine months ended December 31, 2016 and 2017 have been presented on an annualized basis.

1. Average AUM for a year/period represents the average of AUM at the last day of each year/ period on a standalone basis and as of the last day of the immediately preceding year. AUM represents loans and advances to customers and assigned or securitized contract balances as of the end of the relevant year/period. The manner in which we have calculated and presented AUM may not be comparable to, and may vary from, the manner in which such information is calculated and presented by other financial services companies
2. Interest / Finance Income represents interest income from AUM (On-book and Off-book) of our Company on a standalone basis in the relevant year/ period.
3. Other Financial Income represents upfront / processing fee relating to loan origination and other charges, interest on fixed deposits placed as collateral, and investments in pass-through securities and debentures of our Company on a standalone basis in the relevant year/ period.
4. Other income represents commission income, sale of power, gain on sale of fixed assets / investment, recoveries and miscellaneous income of Company on a standalone basis in the relevant year/ period.
5. Total Operating Income represents the sum of Interest / Finance Income, Other Financial Income and other Income of our Company on a standalone basis in the relevant year/ period.
6. Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs of our Company on a standalone basis in the relevant year/ period.
7. Net Interest Income represents Total Operating Income less the Finance Costs of our Company on a standalone basis in the relevant year/ period.
8. Operating Expense represents employee benefit expense, other expenses and depreciation and amortization expenses of our Company on a standalone basis in the relevant year/ period.
9. Cost of Borrowings represents the ratio of Finance Costs to the Average Borrowed Funds of our Company on a standalone basis in the relevant year/ period.
10. Credit Cost represents non-performing asset provisions, contingency provisions against standard assets, and write-offs of our Company on a standalone basis in the relevant year/ period.
11. Yield represents the weighted average return in respect of Closing AUM of our Company on a standalone basis in the relevant year/ period. Note that the manner in which we have calculated and presented Yield may not be comparable to that presented by other financial services companies.
12. Spread represents the difference between the Yield and the Cost of Borrowings of our Company on a standalone basis in the relevant year/ period.
13. Net Interest Margin represents the ratio of the Net Interest Income to the Average AUM of our Company on a standalone basis in the relevant year/ period. Note that the manner in which we have calculated and presented Net Interest Margin taking into account the Average AUM may not be comparable to that presented by other financial services companies**.**

AUM according to Product Category

The following table sets forth a breakdown of AUM of our Company on a standalone basis, based on product categories:

Product Category	Assets Under Management									
	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of September 30, 2017		As of December 31, 2017	
	AUM	Percentage of Total AUM	AUM	Percentage of Total AUM	AUM	Percentage of Total AUM	AUM	Percentage of Total AUM	AUM	Percentage of Total AUM
	Audited						Unaudited			
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Commercial Finance										
Commercial Loans	118,522.28	70.04%	96,741.57	63.23%	81,112.54	60.02%	78,341.81	60.71%	79,764.39	61.67%
Total (A)	118,522.28	70.04%	96,741.57	63.23%	81,112.54	60.02%	78,341.81	60.71%	79,764.39	61.67%
Small and Medium Enterprise Finance										
Small and Medium Enterprise Loans	13,858.36	8.19%	17,306.33	11.31%	18,887.26	13.98%	18,309.46	14.19%	18,256.89	14.11%
Total (B)	13,858.36	8.19%	17,306.33	11.31%	18,887.26	13.98%	18,309.46	14.19%	18,256.89	14.11%
Agriculture Finance (Tractor Finance)										
Agriculture Loans	24,860.19	14.69%	24,822.80	16.22%	22,793.06	16.87%	21,555.82	16.71%	21,265.25	16.44%
Total (C)	24,860.19	14.69%	24,822.80	16.22%	22,793.06	16.87%	21,555.82	16.71%	21,265.25	16.44%
Mortgage Finance										
Mortgage Loans	11,971.31	7.07%	14,133.79	9.24%	12,349.33	9.14%	10,825.57	8.39%	10,057.43	7.78%
Total (D)	11,971.31	7.07%	14,133.79	9.24%	12,349.33	9.14%	10,825.57	8.39%	10,057.43	7.78%
Grand Total [(A) + (B) + (C) + (D)]	**169,212.14**	**100.00%**	**153,004.49**	**100.00%**	**135,142.19**	**100.00%**	**129,032.66**	**100.00%**	**129,343.96**	**100.00%**

Geographic Spread of AUM

The following table sets forth the geographic spread of our Company's AUM based on the State in which the contract was executed with the customer:

State	Assets Under Management									
	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Andhra Pradesh	5,495.57	3.25%	5,355.56	3.50%	5,823.03	4.31%	5,848.40	4.53%	6,030.80	4.66%
Bihar	5,724.21	3.38%	5,453.40	3.56%	6,250.99	4.63%	6,572.26	5.09%	6,732.91	5.21%
Chhattisgarh	5,082.41	3.00%	4,456.73	2.91%	3,853.92	2.85%	3,724.64	2.89%	3,955.25	3.06%
Gujarat	9,176.09	5.42%	7,632.58	4.99%	5,975.45	4.42%	5,256.35	4.07%	5,632.11	4.35%
Jharkhand	3,413.83	2.02%	3,117.35	2.04%	3,192.01	2.36%	3,123.95	2.42%	2,981.56	2.31%
Karnataka	9,815.11	5.80%	9,632.98	6.30%	8,662.89	6.41%	7,697.83	5.97%	7,518.00	5.81%
Kerala	9,387.00	5.55%	8,679.65	5.67%	7,614.56	5.63%	7,453.26	5.78%	6,539.78	5.06%
Madhya Pradesh	13,953.20	8.25%	11,140.35	7.28%	7,618.53	5.64%	6,704.14	5.20%	7,109.99	5.50%
Maharashtra	14,079.05	8.32%	12,103.19	7.91%	10,720.21	7.93%	9,941.88	7.70%	11,176.34	8.64%
Delhi and Uttarakhand	9,944.88	5.88%	7,363.75	4.81%	6,073.82	4.49%	5,528.64	4.28%	5,920.76	4.58%
Haryana	12,979.22	7.67%	13,289.36	8.69%	10,568.32	7.82%	9,502.71	7.36%	8,871.92	6.86%
Odisha	6,281.32	3.71%	5,653.99	3.70%	5,175.11	3.83%	5,112.13	3.96%	4,952.76	3.83%
Punjab/HP	6,323.12	3.74%	5,237.23	3.42%	4,480.61	3.32%	4,240.73	3.29%	4,695.21	3.63%
Rajasthan	14,110.10	8.34%	12,540.92	8.20%	10,709.12	7.92%	10,244.99	7.94%	9,839.46	7.61%
Tamil Nadu	6,392.10	3.78%	5,432.03	3.55%	4,679.19	3.46%	4,421.93	3.43%	4,646.86	3.59%
Telangana	8,450.21	4.99%	7,334.37	4.79%	6,647.10	4.92%	6,448.42	5.00%	6,114.07	4.73%
Uttar Pradesh	20,549.76	12.14%	20,826.18	13.61%	19,761.92	14.62%	19,618.15	15.20%	19,311.88	14.93%
West Bengal	8,054.96	4.76%	7,754.87	5.07%	7,335.41	5.43%	7,592.25	5.88%	7,314.30	5.65%
Total	**169,212.14**	**100.00%**	**153,004.49**	**100.00%**	**135,142.19**	**100.00%**	**129,032.66**	**100.00%**	**129,343.96**	**100.00%**

The following table sets forth the geographic spread of our Company's AUM based on the region in India in which the contract was executed with the customer:

Region	Assets Under Management									
	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
North(1)	63,907.08	37.77%	59,257.44	38.73%	51,593.79	38.18%	49,135.22	38.08%	48,639.23	37.60%
South (2)	39,539.99	23.37%	36,434.59	23.81%	33,426.77	24.73%	31,869.84	24.70%	30,849.51	23.85%
West(3)	42,290.75	24.99%	35,332.85	23.09%	28,168.11	20.84%	25,627.01	19.86%	27,873.69	21.55%
East(4)	23,474.32	13.87%	21,979.61	14.37%	21,953.52	16.24%	22,400.59	17.36%	21,981.53	16.99%
Total	**169,212.14**	**100.00%**	**153,004.49**	**100.00%**	**135,142.19**	**100.00%**	**129,032.66**	**100.00%**	**129,343.96**	**100.00%**

1. North includes the States of Himachal Pradesh, Delhi, Uttrakhand, Haryana, Punjab, Rajasthan, and Uttar Pradesh.
2. South includes the States of Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu.
3. West includes the States of Gujarat, Maharashtra, Chattisgarh, and Madhya Pradesh.
4. East includes the States of, Bihar, Jharkhand, Odisha and West Bengal.

Funding Sources

The following table sets forth certain information relating to our funding sources:

Particulars	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016							
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	Audited						Unaudited			
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Long Term Borrowings										
Secured Redeemable non-convertible debentures	7,975.00	8.20%	4,850.00	4.94%	550.00	0.65%	2,150.00	2.70%	2,150.00	2.65%
Unsecured Subordinated non-convertible perpetual debentures (Tier I capital)	1,055.00	1.08%	1,125.00	1.15%	1,331.00	1.57%	1,341.00	1.69%	1,341.00	1.65%
Subordinated redeemable non-convertible debentures (Tier II capital)	7,793.00	8.01%	7,743.00	7.88%	7,803.00	9.19%	7,303.00	9.18%	6,053.00	7.45%
Secured Term loans from banks	9,297.76	9.56%	10,945.70	11.14%	13,100.05	15.43%	12,076.98	15.18%	11,897.50	14.64%
Secured Term loans from others (financial institutions)	2,696.57	2.77%	1,372.63	1.40%	83.69	0.10%	17.54	0.02%	6.11	0.01%
Unsecured from banks (subordinated) (Tier II capital)	-	-	-		1,000.00	1.18%	1,000.00	1.26%	1,000.00	1.23%
Total (a)	**28,817.33**	**29.64%**	**26,036.34**	**26.50%**	**23,867.74**	**28.11%**	**23,888.51**	**30.02%**	**22,447.61**	**27.62%**
Short Term Borrowings										

Particulars	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016							
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	Audited						Unaudited			
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Unsecured commercial papers	4,955.15	5.10%	5,753.36	5.86%	5,018.46	5.91%	6,281.04	7.89%	5,553.60	6.83%
Secured cash credit facilities from banks	14,485.42	14.90%	20,537.82	20.90%	10,715.11	12.62%	12,363.87	15.54%	21,643.61	26.63%
Secured working capital demand loans from banks	34,999.97	35.99%	33,250.00	33.84%	33,000.00	38.87%	29,500.00	37.08%	23,750.00	29.23%
Total (b)	**54,440.55**	**55.99%**	**59,541.18**	**60.60%**	**48,733.58**	**57.40%**	**48,144.91**	**60.51%**	**50,947.21**	**62.69%**
Other current liabilities										
Current maturities of long term borrowings	13,981.33	14.38%	12,671.68	12.90%	12,307.05	14.49%	7,534.95	9.47%	7,869.09	9.68%
Total (c)	**13,981.33**	**14.38%**	**12,671.68**	**12.90%**	**12,307.05**	**14.49%**	**7,534.95**	**9.47%**	**7,869.09**	**9.68%**
Total [(a) + (b) + (c)]	**97,239.21**	**100.00%**	**98,249.20**	**100.00%**	**84,908.37**	**100.00%**	**79,568.37**	**100.00%**	**81,263.90**	**100.00%**

Interest Coverage Ratios

The following table sets forth interest coverage ratios for our Company on a standalone basis for the years/ periods indicated:

Interest Coverage Ratios	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except ratios)						
(i) Profit before tax	1,751.07	2,659.71	107.08	1,150.22	1,142.19	1,608.01	1,856.12
(ii) Non-Cash Expenses(1)	2,515.40	3,683.67	5,715.09	1,787.98	1,634.18	2,804.85	2,603.35
(iii) Finance Costs(2)	10,614.40	9,980.89	9,378.81	4,969.92	3,971.64	7,227.59	5,860.00
(iv) Total [(i)+(ii)+(iii)]	14,880.87	16,324.27	15,200.98	7,908.12	6,748.01	11,640.45	10,319.47
(v)Interest Coverage Ratio ((iv)/(iii))	1.40	1.64	1.62	1.59	1.70	1.61	1.76

(1) Non-cash expenses includes depreciation and amortization, provision for loan assets/ bad debts written off (net of recoveries and delinquency fund) and contingent provisions against standard assets (net) of the end of the relevant year/ period.

(2) Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs in the relevant year/ period.

Capital Adequacy

Our Company is subject to the capital risk adequacy ratio (CRAR) requirements prescribed by the RBI. Our Company is currently required to maintain a minimum CRAR of 15.00%, based on our total capital to risk-weighted assets. As a part of its governance policy, our Company ordinarily maintain capital adequacy higher than the statutorily prescribed CRAR. As of March 31, 2017 and September 30, 2017, our Company's capital adequacy ratio was 20.37% and 20.26%, respectively. The following table sets out our capital adequacy ratios as of the dates indicated based on the audited/ reviewed financial statements for the respective years / periods:

Particulars	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million, except percentages)				
Tier I Capital	13,244.82	17,709.91	16,326.24	16,248.99	16,984.56

Particulars	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million, except percentages)				
Tier II Capital	6,226.05	4,994.54	5,258.35	4,353.52	4,254.12
Total Capital	**19,470.87**	**22,704.45**	**21,584.58**	**20,602.52**	21,238.69
Total Risk Weighted Assets	**119,457.76**	**121,287.72**	**105,986.59**	**101,672.56**	**104,713.92**
Capital Adequacy Ratio					
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	11.09%	14.60%	15.40%	15.98%	16.22%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	5.21%	4.12%	4.96%	4.28%	4.06%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	**16.30%**	**18.72%**	**20.37%**	**20.26%**	**20.28%**

Classification of Assets

As required by RBI Notification DNBR(PD)CCNo.002/03.10.001/2014-15 dated 10 November 2014, our Company has adopted the revised Non-Performing Assets ('NPA') norms applicable for the year ending 31 March 2018, in a phased manner over the financial year.

The following table sets forth certain information relating to the asset classification followed by our Company as of December 31, 2017:

Asset Classification	Period of Overdue
Standard Assets	Not Overdue and Overdue for less than four months
Non-Performing Assets (NPA)	
Sub-Standard Assets	Overdue for four months or more but less than or equal to 15 months
Doubtful Assets	Overdue for more than 15 months
Loss Assets	Assets which are identified as loss asset by our Company

'Overdue' refers to interest and / or principal and / or instalment remaining unpaid from the day it became receivable.

Provisioning and Write-offs

Statutory provisions are required to be made in respect of standard, sub-standard, doubtful and loss assets as per the directions, circulars and notifications issued by the RBI. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk wherever necessary. As required by RBI Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dated November 10, 2014, our Company has adopted the revised Non-Performing Assets ('NPA') norms applicable for the year ending March 31, 2018, in a phased manner over the financial year.

The following table sets forth certain information relating to the classification of the assets on a standalone basis:

Asset Classification	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million)				
Loan Outstanding (gross)					
Standard Assets	102,097.71	103,991.44	89,967.28	85,076.87	88,972.69
Sub-Standard Assets	5,617.46	7,630.46	6,975.41	5,959.38	5,224.18
Doubtful Assets	2,683.04	4,876.90	1,993.00	3,128.27	3,585.85
Total Loans Outstanding (gross)*	110,398.21	116,498.80	98,935.69	94,164.53	97,782.72
Provisions					
Standard Assets	312.00	317.00	324.00	334.00	360.00
Sub-Standard Assets	830.72	836.82	1,040.67	963.66	935.81

Asset Classification	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million)				
Doubtful Assets	883.36	1,821.76	545.26	1,042.72	1,308.07
Total Provisions	2,026.09	2,975.58	1,909.92	2,340.38	2,603.88
Loan Outstanding (net)					
Standard Assets	101,785.71	103,674.44	89,643.28	84,742.87	88,612.69
Sub-Standard Assets	4,786.74	6,793.64	5,934.74	4,995.72	4,288.37
Doubtful Assets	1,799.68	3,055.13	1,447.75	2,085.55	2,277.77
Total Loans Outstanding (net)	108,372.13	113,523.22	97,025.77	91,824.14	95,178.84
Loss Assets Written Off	1,566.28	2,424.15	3,764.85	1,124.16	1,766.00

** Represents On-Book AUM of our Company on a standalone basis as of the end of relevant year / period.*

Asset Liability Management

The following table sets forth the maturity pattern of certain items of assets and liabilities as of the end of the relevant fiscal year/ period:

Particulars		1 day to 30/31 (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
		(₹ million)								
Liabilities										
Borrowings from banks including foreign currency borrowings	As of September 30, 2017	6,301.75	4,438.24	2,607.86	6,101.90	10,254.85	29,751.75	12,139.14	7,972.88	79,568.37
	As of March 31, 2017	4,808.87	2,063.85	9,922.09	6,209.54	11,088.63	30,400.81	12,563.38	7,851.20	84,908.37
	As of March 31, 2016	4,199.58	2,056.37	9,747.07	6,233.52	15,696.40	37,412.83	12,455.70	10,447.72	98,249.20
	As of March 31, 2015	9,033.21	2,155.39	4,306.71	9,259.95	12,929.30	38,889.37	12,956.64	9,208.63	98,739.21
Assets										
Advances and deposits (net of provisions for non-performing assets)	As of September 30, 2017	7,526.00	2,667.26	3,836.81	8,512.60	16,057.36	38,449.83	13,588.25	8,307.98	98,946.09
	As of March 31, 2017	7,207.11	2,900.97	3,478.99	8,925.11	17,069.71	41,015.10	14,496.06	7,864.20	102,957.25
	As of March 31, 2016	8,247.77	3,452.00	3,814.14	10,076.02	18,633.13	44,803.55	15,095.69	14,468.85	118,591.15
	As of March 31, 2015	8,051.96	2,948.30	3,200.79	8,504.12	16,351.51	45,782.52	15,311.50	10,872.67	111,023.37
Investments (net of provision for diminution for value of investments)	As of September 30, 2017	54.82	54.95	57.78	176.44	299.21	604.66	47.00	5,097.80	6,392.65
	As of March 31, 2017	37.08	37.88	41.95	133.97	222.85	462.30	30.18	4,835.98	5,802.17
	As of March 31, 2016	18.67	18.55	24.50	80.12	117.89	210.98	16.45	4,094.33	4,581.48
	As of March 31, 2015	64.18	62.55	69.42	202.36	321.31	437.16	21.75	1,235.55	2,414.27

MAGMA HOUSING FINANCE LIMITED [Formerly Magma Housing Finance (A public company with unlimited liability)] ("MHFL") (STANDALONE)

Return on Equity and Assets

The following table sets forth selected financial information relating to the return on equity and assets for MHFL on a standalone basis for the years/ periods indicated:

Particulars	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except percentages)						
Net Profit(1)	106.03	228.06	337.39	146.94	142.17	235.00	217.58
Average Total Assets(2)	14,238.75	17,828.70	17,448.66	18,482.58	15,580.00	18,292.87	15,865.73
Average AUM(3)	13,473.79	18,029.83	18,746.07	19,576.57	17,696.29	19,275.51	17,868.26
Average Net Worth(4)	2,131.72	2,298.76	2,581.49	2,486.26	2,821.27	2,530.29	2,858.97
Total Debt(5)	14,283.47	15,708.62	12,611.72	14,911.86	11,494.48	14,415.07	11,945.60
Return on Average AUM (%)(6)#	0.79%	1.26%	1.80%	1.50%	1.61%	1.62%	1.62%
Return on Average Total Assets (%)(7)#	0.74%	1.28%	1.93%	1.59%	1.82%	1.71%	1.82%
Return on Average Net Worth (%)(8)#	4.97%	9.92%	13.07%	11.82%%	10.08%	12.38%	10.15%

 # Return on Average AUM, Return on Average Total Assets and Return on Average Net Worth for the nine months ended December 31, 2017 have been presented on an annualized basis.

1. Net Profit represents profit after tax of MHFL on a standalone basis for the relevant year/period.
2. Average Total Assets represents the average of MHFL's total assets on a standalone basis as of the last day of the relevant year/ period and MHFL's total assets on a standalone basis as of the last day of the immediately preceding year.
3. Average AUM for a year/period represents the average of AUM at the last day of each year/ period on a standalone basis and as of the last day of the immediately preceding year. AUM represents loans and advances to customers and assigned or securitized contract balances as of the end of the relevant year/period. The manner in which we have calculated and presented AUM may not be comparable to, and may vary from, the manner in which such information is calculated and presented by other financial services companies.
4. Average Net Worth represents the average of MHFL's net worth on a standalone basis as of the last day of the relevant year/ period and MHFL's net worth on a standalone 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 and reserves and surplus, as restated (including securities premium account and statutory reserve and surplus in statement of profit and loss).
5. Total Debt represents the aggregate of all MHFL's borrowings (including, cash credit, non-convertible debentures, commercial papers and term loans and other facilities from banks and financial institutions excluding assignment or securitization of portfolio to banks and financial institutions and temporary book overdrawn from bank) on a standalone basis as of the last day of the relevant year/ period.
6. Return on Average AUM is calculated as the net profit of MHFL on a standalone basis for the relevant year/ period as a percentage of Average AUM of MHFL on a standalone basis in such year/ period.
7. Return on Average Total Assets is calculated as the Net Profit of MHFL on a standalone basis for the relevant year/ period as a percentage of Average Total Assets of MHFL on a standalone basis in such year/ period.
8. Return on Average Net Worth is calculated as the aggregate of Net Profit on a standalone basis for the relevant year/ period as a percentage of Average Net Worth on a standalone basis in such year/ period.

Financial Ratios

The following table sets forth, for the years/periods indicated, certain financial ratios for MHFL on a standalone basis:

Particulars	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million, except percentages)				
AUM[(1)]	16,515.76	19,543.89	17,948.25	17,444.33	17,788.27
On-Book AUM[(2)]	16,515.76	17,992.02	15,204.12	14,263.61	14,822.19
Off-Book AUM[(3)]	-	1,551.88	2,744.13	3,180.72	2,966.07
Disbursements[(4)]	9,779.98	8,742.75	4,753.90	2,484.69	3,996.23
Gross NPA	277.10	695.42	688.95	874.71	967.21
Gross NPA / AUM (%)	1.68%	3.56%	3.84%	5.01%	5.44%
Net NPAs	212.75	549.11	575.08	729.97	802.57
Net NPAs / AUM (net of provision) (%)	1.29%	2.83%	3.22%	4.22%	4.55%

1. AUM represents loans and advances to customers and assigned or securitized contract balances of MHFL on a standalone basis as of the end of the relevant year/period. AUM includes long-term loans and advances, short-term loans and advances and loans securitized / assigned.
2. On-book AUM represents loans and advances to customers of MHFL on a standalone basis as of the end of the relevant year/ period.
3. Off-book AUM represents assigned or securitized contract balances of MHFL on a standalone basis as of the end of the relevant year/ period.
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 MHFL's standalone balance sheet as of the relevant date for which actual disbursement may have occurred subsequent to the relevant date.

Particulars	Fiscal			Six Months ended		Nine Months ended	
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except percentages)						
Average AUM[(1)#]	13,473.79	18,029.83	18,746.07	19,576.57	17,696.29	19,275.51	17,868.26
Disbursement Growth (%)[#]	111.56%	(10.61)%	(45.62)%	1.64%	(19.69)%	(32.58)%	1.98%
Interest / Finance Income[(2)]	1,780.55	2,252.76	2,380.42	1,219.74	1,022.80	1,824.73	1,532.68
Other Financial Income[(3)]	126.47	143.70	105.69	62.70	63.46	83.67	91.32
Other Income[(4)]	13.62	27.79	24.31	10.63	16.96	18.87	20.42
Total Operating Income[(5)]	1,920.64	2,424.25	2,510.42	1,293.07	1,103.22	1,927.26	1,644.42
Gross Finance Costs[(6)]	1,177.67	1,419.58	1,427.56	751.01	573.25	1,102.05	836.65
Net Interest Income[(7)]	742.98	1,004.67	1,082.85	542.06	529.97	825.21	807.77
Operating Expense[(8)]	501.84	537.94	485.53	262.99	265.92	377.63	402.56
Cost of Borrowings (%)[(9)#]	10.77%	10.10%	9.85%	9.97%	9.67%	9.90%	9.56%
Credit Cost[(10)]	76.74	113.38	77.54	52.97	45.44	84.44	72.38
Yield (%)[(11)#]	13.51%	13.63%	13.68%	13.68%	13.59%	13.68%	13.57%
Operating Expense / Average AUM (%)[#]	3.72%	2.98%	2.59%	2.69%	3.01%	2.61%	3.00%
Spread (%)[(12)#]	2.74%	3.53%	3.83%	3.71%	3.92%	3.78%	4.01%
Net Interest Margin (%)[(13)#]	5.51%	5.57%	5.78%	5.54%	5.99%	5.71%	6.03%

 # Cost of Borrowings, Yield, Spread, Net Interest Margin, Operating Expense / Average AUM, in the six months ended September 30, 2016 and 2017 and in the nine months ended December 31, 2016 and 2017 have been presented on an annualized basis.

1. Average AUM for a year/period represents the average of AUM at the last day of each year/ period of MHFL on a standalone basis and as of the last day of the immediately preceding year. AUM represents loans and advances to customers and assigned or securitized contract balances as of the end of the relevant year/period. The manner in which we have calculated and presented AUM may not be comparable to, and may vary from, the manner in which such information is calculated and presented by other financial services companies

2. Interest / Finance Income represents interest income from AUM (On-book and Off-book) of MHFL on a standalone basis in the relevant year/ period.
3. Other Financial Income represents upfront / processing fee relating to loan origination and other charges, interest on fixed deposits placed as collateral, and investments in pass-through securities and debentures of MHFL on a standalone basis in the relevant year/ period.
4. Other income represents commission income, gain on sale of fixed assets / investment, recoveries and miscellaneous income of MHFL on a standalone basis in the relevant year/ period.
5. Total Operating Income represents the sum of Interest / Finance Income, Other Financial Income and other Income of MHFL on a standalone basis in the relevant year/ period.
6. Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs of MHFL on a standalone basis in the relevant year/ period.
7. Net Interest Income represents Total Operating Income less the Finance Costs of MHFL on a standalone basis in the relevant year/ period.
8. Operating Expense represents employee benefit expense, other expenses and depreciation and amortization expenses of MHFL on a standalone basis in the relevant year/ period.
9. Cost of Borrowings represents the ratio of Finance Costs to the Average Borrowed Funds of MHFL on a standalone basis in the relevant year/ period.
10. Credit Cost represents non-performing asset provisions, contingency provisions against standard assets, and write-offs of MHFL on a standalone basis in the relevant year/ period.
11. Yield represents the weighted average return in respect of closing AUM of MHFL on a standalone basis in the relevant year/ period. Note that the manner in which we have calculated and presented Yield may not be comparable to that presented by other financial services companies.
12. Spread represents the difference between the Yield and the Cost of Borrowings of MHFL on a standalone basis in the relevant year/ period.
13. Net Interest Margin represents the ratio of the Net Interest Income to the Average AUM of MHFL on a standalone basis in the relevant year/ period. Note that the manner in which we have calculated and presented Net Interest Margin taking into account the Average AUM may not be comparable to that presented by other financial services companies.

Geographic Spread of AUM

The following table sets forth the geographic spread of our MHFL's AUM based on the State in which the contract was executed with the customer:

State	Assets Under Management									
	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Andhra Pradesh	679.49	4.11%	1,072.56	5.49%	924.54	5.15%	1,013.25	5.81%	1,132.11	6.36%
Bihar	94.15	0.57%	177.33	0.91%	108.82	0.61%	105.81	0.61%	101.56	0.57%
Chhattisgarh	634.69	3.84%	772.37	3.95%	712.02	3.97%	614.74	3.52%	580.66	3.26%
Gujarat	747.35	4.53%	1,414.51	7.24%	1,454.49	8.10%	1,372.06	7.87%	1,361.67	7.65%
Jharkhand	2.12	0.01%	8.39	0.04%	7.24	0.04%	6.22	0.04%	5.68	0.03%
Karnataka	1,631.71	9.88%	1,834.89	9.39%	1,453.28	8.10%	1,308.11	7.50%	1,242.81	6.99%
Kerala	134.53	0.81%	188.68	0.97%	120.00	0.67%	130.34	0.75%	140.91	0.79%
Madhya Pradesh	318.46	1.93%	804.75	4.12%	1,145.13	6.38%	1,223.26	7.01%	1,276.03	7.17%
Maharashtra	2,891.91	17.51%	3,338.95	17.08%	3,157.72	17.59%	3,039.49	17.42%	3,011.27	16.93%
Delhi and Uttarakhand	3,477.80	21.06%	2,665.78	13.64%	1,693.18	9.43%	1,282.89	7.35%	1,262.58	7.10%
Haryana	403.60	2.44%	634.21	3.25%	690.47	3.85%	817.23	4.68%	889.42	5.00%
Odisha	302.73	1.83%	380.97	1.95%	418.99	2.33%	430.08	2.47%	425.79	2.39%
Punjab/HP	439.85	2.66%	892.35	4.57%	990.48	5.52%	1,027.03	5.89%	1,116.86	6.28%
Rajasthan	1,620.62	9.81%	1,459.61	7.47%	1,177.21	6.56%	1,145.46	6.57%	1,166.05	6.56%
Tamil Nadu	1,037.28	6.28%	1,305.91	6.68%	971.56	5.41%	1,043.54	5.98%	1,129.82	6.35%
Telangana	1,065.43	6.45%	1,109.11	5.67%	775.43	4.32%	736.45	4.22%	743.72	4.18%
Uttar Pradesh	542.99	3.29%	730.52	3.74%	1,327.73	7.40%	1,370.69	7.86%	1,405.04	7.90%
West Bengal	491.05	2.97%	753.00	3.85%	819.96	4.57%	777.68	4.46%	796.29	4.48%
Total	**16,515.76**	**100.00%**	**19,543.89**	**100.00%**	**17,948.25**	**100.00%**	**17,444.33**	**100.00%**	**17,788.27**	**100.00%**

The following table sets forth the geographic spread of MHFL's AUM based on the region in India in which the contract was executed with the customer:

Region	Assets Under Management									
	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
North[(1)]	6,484.85	39.26%	6,382.48	32.66%	5,879.07	32.76%	5,643.30	32.35%	5,839.96	32.83%
South [(2)]	4,548.45	27.54%	5,511.14	28.20%	4,244.83	23.65%	4,231.68	24.26%	4,389.37	24.68%
West[(3)]	4,592.41	27.81%	6,330.58	32.39%	6,469.37	36.04%	6,249.55	35.83%	6,229.62	35.02%
East[(4)]	890.05	5.39%	1,319.69	6.75%	1,354.98	7.55%	1,319.80	7.57%	1,329.32	7.47%
Total	**16,515.76**	**100.00%**	**19,543.89**	**100.00%**	**17,948.25**	**100.00%**	**17,444.33**	**100.00%**	**17,788.27**	**100.00%**

1. North includes the States of Himachal Pradesh, Delhi, Uttrakhand, Haryana, Punjab, Rajasthan, and Uttar Pradesh.
2. South includes the States of Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu.
3. West includes the States of Gujarat, Maharashtra, Chattisgarh, and Madhya Pradesh.
4. East includes the States of, Bihar, Jharkhand, Odisha and West Bengal.

Funding Sources

The following table sets forth certain information relating to our funding sources:

Particulars	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	Audited						Unaudited			
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Long Term Borrowings										
Secured Redeemable non-convertible debentures	1,930.00	13.51%	1,050.00	6.68%	1,050.00	8.33%	650.00	5.65%	650.00	5.44%
Unsecured Subordinated non-convertible perpetual debentures (Tier I capital)	-	-	-	-	-	-	-	-	-	-
Subordinated redeemable non-convertible debentures (Tier II capital)	-	-	-	-	-	-	-	-	-	-
Secured Term loans from banks	3,919.62	27.44%	5,734.38	36.50%	5,600.45	44.41%	4,618.91	40.18%	3693.45	30.92%
Secured Term loans from others (financial institutions)	-	-	-	-	-	-	-	-	-	-
Unsecured from banks (subordinated) (Tier II capital)	-	-	-	-	-	-	-	-	-	-
Total (a)	**5,849.62**	**40.95%**	**6,784.38**	**43.19%**	**6,650.45**	**52.73%**	**5,268.91**	**45.84%**	**4,343.45**	**36.36%**
Short Term Borrowings										

Particulars	As of March 31,						As of September 30, 2017		As of December 31, 2017	
	2015		2016		2017					
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	Audited						Unaudited			
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Unsecured commercial papers	1,479.81	10.36%	645.74	4.11%	989.04	7.84%	494.33	4.30%	994.37	8.32%
Secured term Loan	1,000.00	7.00%	750.00	4.77%	500.00	3.96%	-		-	
Secured cash credit facilities from banks	1,854.04	12.98%	3,342.71	21.28%	838.30	6.65%	1,869.75	16.27%	1,957.78	16.39%
Secured working capital demand loans from banks	1,400.00	9.80%	2,150.00	13.69%	1,500.00	11.89%	1,000.00	8.70%	2,000.00	16.74%
Total (b)	**5,733.85**	**40.14%**	**6,888.45**	**43.85%**	**3,827.34**	**30.35%**	**3,364.07**	**29.27%**	**4,952.16**	**41.46%**
Other current liabilities										
Current maturities of long term borrowings	2,700.00	18.90%	2,035.80	12.96%	2,133.93	16.92%	2,861.50	24.89%	2,650.00	22.18%
Total (c)	**2,700.00**	**18.90%**	**2,035.80**	**12.96%**	**2,133.93**	**16.92%**	**2,861.50**	**24.89%**	**2,650.00**	**22.18%**
Total [(a) + (b) + (c)]	**14,283.47**	**100.00%**	**15,708.62**	**100.00%**	**12,611.72**	**100.00%**	**11,494.48**	**100.00%**	**11,945.60**	**100.00%**

Interest Coverage Ratios

The following table sets forth interest coverage ratios for MHFL on a standalone basis for the years/ periods indicated:

Interest Coverage Ratios	Fiscal			Six Months ended			
	2015	2016	2017	September 30, 2016	September 30, 2017	December 31, 2016	December 31, 2017
	Audited			Unaudited			
	(₹ million, except ratios)						
(i) Profit before tax	164.39	353.35	519.79	226.10	218.62	363.14	332.83
(ii) Non-Cash Expenses(1)	64.46	98.30	71.67	52.13	36.82	788.22	64.36
(iii) Finance Costs(2)	1,177.67	1,419.58	1,427.56	751.01	573.25	1,102.05	836.65
(iv) Total [(i)+(ii)+(iii)]	1,406.52	1,871.23	2,019.02	1,029.24	828.68	2,253.41	1,233.84
(v) Interest Coverage Ratio ((iv)/(iii))	1.19	1.32	1.41	1.37	1.45	2.04	1.47

(1) Non-cash expenses includes depreciation and amortization, provision for loan assets/ bad debts written off (net of recoveries and delinquency fund) and contingent provisions against standard assets (net) of the end of the relevant year/ period.

(2) F inance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs in the relevant year/ period.

Capital Adequacy

MHFL is subject to the capital risk adequacy ratio (CRAR) requirements prescribed by the NHB. MHFL is currently required to maintain a minimum CRAR of 12.00%, based on our total capital to risk-weighted assets. As a part of its governance policy, MHFL ordinarily maintain capital adequacy higher than the statutorily prescribed CRAR. As of March 31, 2017 and September 30, 2017, MHFL's capital adequacy ratio was 23.19% and 26.47%, respectively. The following table sets out our capital adequacy ratios as of the dates indicated based on the audited/ reviewed financial statements for the respective years / periods:

Particulars	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million, except percentages)				
Tier I Capital	2,077.08	2,222.54	2,553.95	2,714.81	2,799.73
Tier II Capital	72.00	77.00	64.00	58.00	59.00
Total Capital	**2,149.08**	**2,299.54**	**2,617.95**	**2,772.81**	**2,858.73**
Total Risk Weighted Assets	**13,777.16**	**13,966.56**	**11,289.14**	**10,476.20**	**10,974.26**
Capital Adequacy Ratio					
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	15.08%	15.91%	22.62%	25.91%	25.51%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	0.52%	0.55%	0.57%	0.55%	0.54%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	**15.60%**	**16.46%**	**23.19%**	**26.47%**	**26.05%**

Classification of Assets

Loans are classified as required by Housing Finance Companies (NHB) Directions, 2010 into Standard and Non-performing assets. The following table sets forth certain information relating to the asset classification followed by MHFL as of December 31, 2017:

Asset Classification	Period of Overdue
Standard Assets	Not Overdue and Overdue for less than 90 days past due
Non-Performing Assets (NPA)	
Sub-Standard Assets	Overdue for more that 90 days past due but less than or equal to 455 days past due.
Doubtful Assets	Overdue for more than 455 days past due.
Loss Assets	Assets which are identified as loss asset by MHFL.

'Overdue' refers to interest and / or principal and / or instalment remaining unpaid from the day it became receivable**.**

Provisioning and Write-offs

Statutory provisions are required to be made in respect of standard, sub-standard, doubtful and loss assets as per the directions, circulars and notifications issued by the NHB. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk wherever necessary.

The following table sets forth certain information relating to the classification of the assets on a standalone basis:

Asset Classification	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million)				
Loan Outstanding (gross)					
Standard Assets	16,238.66	17,296.60	14,515.16	13,388.90	13,854.88
Sub-Standard Assets	147.32	496.50	652.94	832.67	858.68
Doubtful Assets	129.78	198.92	36.01	42.04	108.64
Total Loans Outstanding (gross)*	**16,515.76**	**17,992.02**	**15,204.12**	**14,263.61**	**14,822.19**
Provisions					
Standard Assets	72.00	77.00	64.00	58.00	59.00
Sub-Standard Assets	22.10	73.82	101.83	129.37	133.79
Doubtful Assets	42.25	72.48	12.05	15.37	30.85
Total Provisions	**136.35**	**223.30**	**177.87**	**202.74**	**223.64**
Loan Outstanding (net)					
Standard Assets	16,166.66	17,219.60	14,451.16	13,330.90	13,795.88

Asset Classification	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	Audited			Unaudited	
	(₹ million)				
Sub-Standard Assets	125.22	422.67	551.12	703.30	724.88
Doubtful Assets	87.53	126.44	23.96	26.67	77.79
Total Loans Outstanding (net)	**16,379.41**	**17,768.72**	**15,026.24**	**14,060.87**	**14,598.55**
Loss Assets Written Off	42.74	26.43	50.69	20.58	26.62

** Represents On-Book AUM of MHFL on a standalone basis as of the end of relevant year / period.*

Asset Liability Management

The following table sets forth the maturity pattern of certain items of assets and liabilities as of the end of the relevant fiscal year/ period:

Particulars		1 day to 30/31 (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
		(₹ million)								
Liabilities										
Borrowings from banks	As of September 30, 2017	32.37	321.18	779.60	680.00	1,724.14	4,408.09	923.50	2,625.60	11,494.48
	As of March 31, 2017	285.05	528.32	781.62	559.42	1,670.33	5,244.81	1,452.24	2,089.93	12,611.72
	As of March 31, 2016	58.12	639.27	1,050.96	938.45	1,238.98	4,657.09	2,982.72	4,143.02	15,708.62
	As of March 31, 2015	24.12	1,504.63	699.74	869.35	2,364.30	3,632.57	2,764.73	2,424.03	14,283.47
Assets										
Advances and deposits (net of provisions for non-performing assets)	As of September 30, 2017	352.02	80.91	79.36	216.75	383.48	1,829.41	1,860.12	10,113.96	14,916.00
	As of March 31, 2017	431.59	126.15	112.96	310.59	545.82	2,022.13	1,772.11	10,552.29	15,873.64
	As of March 31, 2016	389.21	131.66	127.66	382.88	813.19	2,274.31	1,862.06	12,644.98	18,625.96
	As of March 31, 2015	290.59	129.33	129.69	360.58	719.39	2,074.57	1,780.00	11,336.49	16,820.63
Investments (net of provision for diminution for value of investments)	As of September 30, 2017	-	-	-	-	-	-	116.14	-	116.14
	As of March 31, 2017	-	-	-	-	-	-	122.55	-	122.55
	As of March 31, 2016	-	-	-	-	-	-	-	-	-
	As of March 31, 2015	-	-	-	-	-	-	-	-	-

Additional Information

1. Direct business as a percentage of asset backed financing disbursal was 22.73%, 26.10% and 36.94% in Fiscal 2016, 2017 and in the three months ended December 31, 2017.

Direct business refers to business directly generated by our Company's employees without help from DSAs and brokers and includes cross-selling leads generated.

2. Disbursements in the asset backed financing segment in the periods indicated were as below:

(₹ million)

Fiscal	Quarter 1 (April 1 – June 30)	Quarter 2 (July 1 – September 30)	Quarter 3 (October 1 – December 31)	Quarter 4 (January 1 – March 31)
2017	12,911.19	12,143.72	12698.54	10,051.14
2018	10965.48	12104.68	14,459.51	N.A.

Disbursements have grown at an average of 12.98% quarter-on-quarter in the last three quarters of Fiscal 2018.

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 balance sheet as of the relevant date for which actual disbursement may have occurred subsequent to the relevant date.

3. Disbursal of home loans as a percentage of mortgage financing was 30.98%, 34.98% and 39.89% in Fiscal 2016, 2017 and in the three months ended December 31, 2017.

4. Average ticket size of loans disbursed of mortgage financing was ₹ 2.12 million, ₹ 1.51 million and ₹ 1.35 million in Fiscal 2016, 2017 and in the three months ended December 31, 2017.

5. Direct business as a percentage of mortgage finance disbursement was 32.96%, 32.73% and 46.96% in Fiscal 2016, 2017 and in the three months ended December 31, 2017.

6. Disbursements of home loans under the mortgage financing segment in the periods indicated were as below:

(₹ million)

Fiscal	Quarter 1 (April 1 – June 30)	Quarter 2 (July 1 – September 30)	Quarter 3 (October 1 – December 31)	Quarter 4 (January 1 – March 31)
2017	603.28	976.08	494.45	469.12
2018	370.40	438.78	611.36	N.A.

Contribution of home loans in the mortgage financing segment increased from 34.47% in the third quarter of Fiscal 2017 to 39.89% in the third quarter of Fiscal 2018.

7. Disbursements towards loans against property under the mortgage financing segment in the periods indicated were as below:

(₹ million)

Fiscal	Quarter 1 (April 1 – June 30)	Quarter 2 (July 1 – September 30)	Quarter 3 (October 1 – December 31)	Quarter 4 (January 1 – March 31)
2017	1316.39	1501.98	940.04	968.99
2018	921.46	901.03	921.24	N.A.

Overall mortgage disbursements have grown at 14.39% quarter-on-quarter in the third quarter of Fiscal 2018 and have grown at 6.84% year-on-year.

8. Disbursements in the SME financing segment in the periods indicated were as below:

(₹ million)

Fiscal	**Quarter 1 (April 1 – June 30)**	**Quarter 2 (July 1 – September 30)**	**Quarter 3 (October 1 – December 31)**	**Quarter 4 (January 1 – March 31)**
2017	2,739.45	3,368.27	2689.58	3,285.96
2018	2,475.48	2,968.91	3,399.88	N.A.

Disbursements have shown an improvement of 14.52% quarter-on-quarter in Fiscal 2018 and have grown at 26.41% year-on-year.

Our SME digital scoring model led to an improvement in the conversion efficiency from 47.18% in the third quarter of Fiscal 2017 to 54.93% in the third quarter of Fiscal 2018.

9. In the general insurance business growth has been in line with industry with a 19.57% growth in direct business and 25.72% including reinsurance inward in nine month period ended December 31, 2017 over the nine months period ended December 31, 2016

10. Bancassurance and alliances channels have contributed to 5.61% of the overall gross written premium in the three month period ended December 31, 2017 compared to 1.85% in the three month period ended December 31, 2016.

11. Contribution of motor products have reduced from 87.04% in the three month period ended December 31, 2016 to 79.67% in the three month period ended December 31, 2017.

12. Gross written premium was ₹ 4,273.67 million and ₹ 4,228.80 million in Fiscal 2016 and Fiscal 2017, respectively. Gross written premium was ₹ 1,022.09 million and ₹ 1,241.66 million in the three months ended December 31, 2016 and 2017, respectively. Further, gross written premium was ₹ 1,186.99 million in the three month period ended June 30, 2017 and was ₹ 1,225.76 million in the three month period ended September 30, 2017. Gross written premium witnessed an improvement of 21.48% in the three month ended period ended December 31, 2017 compared with the three month period ended December 31, 2016.

13. Number of cross-sell leads generated were 7,269, 11,595 and 12,302 in the three month periods ended June 30, 2017, September 30, 2017 and December 31, 2017, respectively.

Cross-sell leads generated refer to a lead for new business generated from existing customer or their acquaintance within the branch network.

14. The cross-selling disbursal value was ₹ 1,304.64 million, ₹ 1,564.44 million and ₹ 2,191.38 million in the three month periods ended June 30, 2017, September 30, 2017 and December 31, 2017, respectively and cross-selling as a percentage of percentage of total disbursement was 8.86%, 9.53% and 11.81% in similar periods.

Cross-selling disbursement refers to new business generated from existing customer or their acquaintance within the branch network.

15. Collection efficiency across products in the periods indicated was as below

Fiscal	**Quarter 1 (April 1 – June 30)**	**Quarter 2 (July 1 – September 30)**	**Quarter 3 (October 1 – December 31)**	**Quarter 4 (January 1 – March 31)**
2017	94.19%	96.65%	90.05%	102.42%
2018	96.65%	99.21%	100.23%	N.A.

Collection efficiency (CE) is collections done against amount falling due (Billing) during the period and is calculated through movement of overdue (OD). CE = (Billing + Opening OD – Closing OD) / Billing.

16. Collection efficiency across financing segments in the periods indicated was as below

Fiscal / Segment	Quarter 1 (April 1 – June 30)	Quarter 2 (July 1 – September 30)	Quarter 3 (October 1 – December 31)	Quarter 4 (January 1 – March 31)
Asset Backed Finance				
2017	93.65%	96.75%	88.54%	104.17%
2018	96.83%	100.40%	101.14%	
Mortgage Finance				
2017	95.71%	95.66%	95.00%	95.45%
2018	95.84%	96.68%	96.49%	
SME Finance				
2017	96.98%	96.59%	96.41%	96.94%
2018	96.06%	95.40%	97.61%	

17. Early warning indicator (EWI) trends in the asset backed finance segment in the periods indicated were as below:

Old Portfolio Average	January-February-March 2016 in June 2016	April-May-June 2016 in September 2016	July-August-September 2016 in December 2016	October-November-December 2016 in March 2017	January-February-March 2017 in June 2017	April-May-June 2017 in September 2017	July-August-September 2017 in December 2017	New Portfolio Average
15.77%	12.00%	11.13%	18.09%	10.63%	10.47%	10.06%	8.32%	11.57%

EWI are the 0+% of each quarterly portfolio with lag of one quarter (for tractor non-monthly structure is with a lag of two quarters)

The average EWI of newly generated portfolio is lower by 26.60% compared to the old portfolio average (i.e., the portfolio generated before January 2016).

18. Continuous portfolio management indicator (CPMI) trends in the asset backed finance segment in the periods indicated were as below:

Old Portfolio Average	January-February-March 2016 in June 2016	April-May-June 2016 in September 2016	July-August-September 2016 in December 2016	October-November-December 2016 in March 2017	January-February-March 2017 in June 2017	April-May-June 2017 in September 2017	New Portfolio Average
6.77%	5.29%	5.35%	5.32%	4.55%	4.08%	3.16%	4.66%

CPMI is the 60+% of each quarterly portfolio with a lag of two quarters (tractor non-monthly structure is with a lag of three quarters)

The average CPMI of newly generated portfolio is lower by 31.11% compared to the old portfolio average (i.e., the portfolio generated before January 2016).

19. Infant default (ID) trends in the mortgage finance segment in the periods indicated were as below:

Period	Quarter 1 (April 1 – June 30)	Quarter 2 (July 1 – September 30)	Quarter 3 (October 1 – December 31)	Quarter 4 (January 1 – March 31)
2017	-	-	0.56%	0.61%
2018	0.41%	0.13%	0.12%	N.A.

ID is 30+ bucket percentage for cases sourced in last six months on a two month lag basis including current month.

20. Early delinquency (ED) trends in the mortgage finance segment in the periods indicated were as below:

Period	**Quarter 1 (April 1 – June 30)**	**Quarter 2 (July 1 – September 30)**	**Quarter 3 (October 1 – December 31)**	**Quarter 4 (January 1 – March 31)**
2017	-	-	1.56%	1.38%
2018	1.11%	0.86%	0.70%	N.A.

ED is 60+ bucket percentage for cases sourced in last 12 months on a three month lag basis including current month.

21. Infant default (ID) trends in the SME finance segment in the periods indicated were as below:

Period	**Quarter 1 (April 1 – June 30)**	**Quarter 2 (July 1 – September 30)**	**Quarter 3 (October 1 – December 31)**	**Quarter 4 (January 1 – March 31)**
2017	-	-	1.10%	0.63%
2018	0.59%	0.58%	0.81%	N.A.

ID is 0+ bucket percentage for cases sourced in last six months on one month lag basis including current month.

22. Early delinquency (ED) trends in the SME finance segment in the periods indicated were as below:

Period	**Quarter 1 (April 1 – June 30)**	**Quarter 2 (July 1 – September 30)**	**Quarter 3 (October 1 – December 31)**	**Quarter 4 (January 1 – March 31)**
2017	-	-	1.42%	1.42%
2018	1.54%	1.96%	1.52%	N.A.

ED is 60+ bucket percentage for cases sourced in last 12 months on a three month lag basis including current month.

23. There was a reduction in the number of complaints by 51.32%, 34.46% and 79.75% in the asset backed finance, mortgage finance and SME finance segments in the nine month period ended December 31, 2017 compared with the nine month period ended December 31, 2016

24. The following table sets forth certain information relating to disbursement in the asset financing business as a percentage of total disbursements in the asset financing segment according to products in the periods indicated:

Products	**For the year ended March 31, 2016**	**For the year ended March 31, 2017**	**For the quarter ended June 30, 2017**	**For the quarter ended September 30, 2017**	**For the quarter ended December 31, 2017**
Cars*	23.52%	26.87%	26.00%	23.59%	21.37%
Commercial Vehicles	4.17%	4.66%	5.50%	9.95%	10.95%
Construction Equipment	5.28%	5.40%	7.54%	4.88%	5.98%
Pre-Owned Vehicles	14.12%	17.49%	22.53%	25.23%	24.60%
Tractors (Agri Finance)	16.97%	16.77%	12.86%	10.10%	11.66%
Total ABF	**64.06%**	**71.18%**	**74.43%**	**73.75%**	**74.56%**

** Includes auto lease*

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

Products	As of March 31, 2016	As of March 31, 2017	As of June 30, 2017	As of September 30, 2017	As of December 31, 2017
Cars*	24.90%	25.34%	25.01%	24.80%	24.31%
Commercial Vehicles	9.07%	6.49%	6.27%	6.47%	6.95%
Construction Equipment	7.99%	6.56%	6.64%	6.36%	6.26%
Pre-Owned Vehicles	11.24%	12.18%	12.93%	13.89%	14.94%
Tractors (Agri Finance)	18.76%	18.88%	18.56%	17.97%	17.33%
Total ABF	**71.96%**	**69.45%**	**69.41%**	**69.48%**	**69.77%**

** Includes auto lease*

26. The following table sets forth certain information relating to disbursement in the mortgage finance and SME finance segments as a percentage of total disbursements according to products in the periods indicated:

Products	For the year ended March 31, 2016	For the year ended March 31, 2017	For the quarter ended June 30, 2017	For the quarter ended September 30, 2017	For the quarter ended December 31, 2017
Mortgage Finance	19.92%	10.83%	8.77%	8.16%	7.90%
SME Finance	16.02%	17.99%	16.80%	18.09%	17.53%

27. The following table sets forth certain information relating to AUM in the mortgage finance and SME finance segments as a percentage of total AUM according to products as of the dates indicated:

Products	As of March 31, 2016	As of March 31, 2017	As of June 30, 2017	As of September 30, 2017	As of December 31, 2017
Mortgage Finance	18.52%	18.82%	18.70%	18.52%	18.26%
SME Finance	9.52%	11.73%	11.89%	12.00%	11.97%

28. The following table sets forth, for the years/periods indicated, certain financial ratios for our Company on a consolidated basis:

Particulars	As of / For the Nine Months ended December 31, 2016
	Unaudited
	(₹ million except percentages)
AUM(1)	173,449.97
On-Book AUM(2)	75.66%
Off-Book AUM(3)	24.34%
Operating Expense / Average AUM(4)(%)#	3.54%
Net Interest Margin (%)(5)#	7.18%
Gross NPA / AUM (%)	9.91%
Net NPAs / AUM (net of provision) (%)	7.53%
Average Net Worth (net of goodwill) (6)	21,579.80
Return on Average Total Assets (%)(7)#	1.19%

 # Presented on an annualized basis.

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.*
2. *On-book AUM represents loans and advances to customers of our Company on a consolidated basis as of the end of the relevant year/ period.*

3. *Off-book AUM represents assigned or securitized contract balances of our Company on a consolidated basis as of the end of the relevant year/ period.*
4. *Operating Expense represents employee benefit expense, other expenses and depreciation and amortization expenses of our Company on a consolidated basis in the relevant year/ period.*
5. *Net Interest Margin represents the ratio of the Net Interest Income to the Average AUM of our Company on a consolidated basis in the relevant year/ period. Note that the manner in which we have calculated and presented Net Interest Margin taking into account the Average AUM may not be comparable to that presented by other financial services companies.*
6. *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 and reserves and surplus, as restated (including securities premium account, and statutory reserve and surplus in statement of profit and loss) and net of goodwill.*
7. *Return on Average Total Assets is calculated as the Net Profit of our Company on a consolidated basis for the relevant year/ period as a percentage of Average Total Assets of our Company on a consolidated basis in such year/ period.*

29. The following table sets forth information relating to provisions and write-offs as a percentage of average total assets in the periods indicated:

Fiscal 2016	**For the quarter ended December 31, 2016**	**Fiscal 2017**	**For the quarter ended September 30, 2017**	**For the quarter ended December 31, 2017**
2.47%	2.79%	4.17%	2.23%	3.10%

30. The following table sets out our Company's capital adequacy ratios as of the date indicated based on the reviewed financial statements for the period:

Particulars	**As of December 31, 2016**	**As of December 31, 2017**
	Unaudited	**Unaudited**
	(₹ million, except percentages)	**(₹ million, except percentages)**
Tier I Capital	16,860.61	16,984.56
Tier II Capital	4,926.54	4,254.12
Total Capital	21,787.15	21,238.69
Total Risk Weighted Assets	**111,793.41**	**104,713.92**
Capital Adequacy Ratio		
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	15.08%	16.22%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	4.41%	4.06%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	**19.49%**	**20.28%**

31. The following table sets forth certain information relating to funding sources as of December 31, 2016:

Particulars	**As of December 31, 2016**	
	Amount	**Percentage of Total**
	Unaudited	
	(₹ million)	**(%)**
Long Term Borrowings		
Secured Redeemable non-convertible debentures	1,200.00	1.12%
Unsecured Subordinated non-convertible perpetual debentures (Tier I capital)	1,302.00	1.21%
Subordinated redeemable non-convertible debentures (Tier II capital)	7,153.00	6.66%
Secured Term loans from banks	20,552.84	19.14%
Secured Term loans from others (financial institutions)	379.67	0.35%
Unsecured from banks (subordinated) (Tier II capital)	1,000.00	0.93%

Particulars	As of December 31, 2016	
	Amount	Percentage of Total
	Unaudited	
	(₹ million)	(%)
Total (a)	31,587.51	29.42%
Short Term Borrowings		
Unsecured commercial papers	6,249.69	5.82%
Secured term Loan	625.00	0.58%
Secured cash credit facilities from banks	15,566.95	14.50%
Secured working capital demand loans from banks	36,999.99	34.46%
Total (b)	59,441.64	55.36%
Other current liabilities		
Current maturities of long term borrowings	16,348.20	15.22%
Total (c)	16,348.20	15.22%
Total [(a) + (b) + (c)]	107,377.35	100.00%

RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares 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 "**Our Business**", "**Selected Statistical Information**", and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 175, 40 and 111, respectively, as well as the other financial and statistical information included in this Placement Document. 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 Equity Shares 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.*

*This Placement Document 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 Placement Document. For further information, see "**Forward-Looking Statements**" on page 13.*

*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 our Audited Consolidated Financial Statements for Fiscal 2015, 2016 and 2017, and our Unaudited Financial Results for the six months ended September 30, 2016 and 2017 and nine months ended December 31, 2016 and the Condensed Interim Financial Statements for the nine months ended December 31, 2017, included in this Placement Document. For further information, see "**Financial Statements**" on page 276.*

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, non-convertible debentures and secured and unsecured loans, including rupee-denominated term loans, cash credit facilities from banks and financial institutions and secured / unsecured debentures. For further information, see "***Management's Discussion and Analysis of Financial Condition and Results of Operation – Liquidity and Capital Resources***". 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. 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 2015, 2016, 2017 and the nine months ended December 31, 2017, our disbursement was ₹ 101,152.36 million, ₹ 71,803.05 million, ₹ 67,158.17 million and ₹ 50,538.21 million, respectively, our revenue from operations was ₹ 23,536.31 million, ₹ 24,721.95 million, ₹ 23,444.75 million and ₹ 16,611.26 million, respectively and total profit after tax (before minority interest) for such periods was ₹ 1,872.66 million, ₹ 2,134.79 million, ₹ 127.32 million and ₹ 1,589.47 million, 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.

3. ***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.

4. 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 175.

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 our 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 79. 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 none at all could adversely affect our results of operations.***" on page 71. 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.

5. 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, 2015, 2016 and 2017, and as of September 30, 2017 and December 31, 2017, our gross NPAs as a percentage of our gross advances were 4.86%, 8.06%, 6.71%, 7.19% and 7.12%, respectively, and our net NPAs as a percentage of our net advances were 3.90%, 6.44%, 5.59%, 5.57% and 5.33%, respectively. 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 (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time, prescribe the provisions required in respect of our outstanding loan portfolio. As of March 31, 2015, 2016 and 2017 and as of September 30, 2017 and December 31, 2017, our provision coverage ratio, which is composed of provisions as a percentage of gross NPAs was 20.67%, 21.37%, 17.68%, 23.79% and 26.58%, 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.

6. 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 92.94% of our total revenue in Fiscal 2017 and 89.98% of our total revenue in the nine months ended December 31, 2017.

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 fixed interest rate basis, typically without including a provision 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.

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. ***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.

9. ***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, 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. Foreign banks with 20 or more branches in India were required to achieve such 40% priority sector lending within a maximum period of five years commencing from April 1, 2013 and ending on March 31, 2018, 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 the Fiscal 2017, 36% by Fiscal 2018, 38% by Fiscal 2019 and 40% by Fiscal 2020. These include loans to the agriculture, micro and small enterprises, low-income housing projects, renewable energy, exports and similar sectors up to the limits specified where the Government seeks to encourage the flow of credit to stimulate economic development in India. 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.

10. 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, 2017, 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.

11. 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.

12. 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.

13. ***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.

14. ***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.

15. ***As an NBFC, non-compliance with the RBI's observations made during its periodic inspections could expose us to penalties and restrictions. Also, our Subsidiary, Magma HDI General Insurance Company Limited is subject to periodic inspections by the IRDAI and any adverse remarks and penalties could adversely impact its operations.***

As an NBFC, we are subject to periodic inspection 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 its past inspection reports, the

RBI has, among other things, identified issues regarding reporting of our Company's net owned fund and its Capital to Risk-Weighted Assets Ratio, deterioration of our asset quality, deficiencies in our credit appraisal and post sanction supervision framework, investment policy and credit loan policy and certain corporate governance inadequacies. While we have responded to such observations, we cannot assure you that the RBI will not make similar or other observations in the future. In the event we are unable to resolve such deficiencies to the RBI's satisfaction, we may be restricted in 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 made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation. In addition, MHDI's insurance business is also subject to periodic inspection by the IRDAI and in the past, IRDAI has issued adverse observations and imposed penalties on MHDI. There can be no assurance we will not be subject to penalties or adverse remarks and observations in the future resulting from similar inspections or otherwise.

16. ***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 192.

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.

17. ***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.

18. ***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.

19. 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 190.

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.

20. Our Company is 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 is 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 material legal proceedings that we are subject to, see "***Legal Proceedings***" on page 272. 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.

21. One of the members of our Promoter and Promoter Group, Microfirm Capital Private Limited, has been categorized as a 'High Risk Financial Institution by the Financial Intelligence Unit-India'.

One of the members of our Promoter and Promoter Group, Microfirm Capital Private Limited ("**Microfirm**"), has been 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. For further details, see "Legal Proceedings" on page 272. Microfirm has 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 and is awaiting confirmation. We cannot assure you that no action will be taken or penalty imposed against our Microfirm for such non-compliance. Any action or penalty against our Microfirm could have a material adverse effect on our reputation, business and operations.

22. 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 ₹ 3.00 million with an LTV exceeding 90.00%; of between ₹ 3.00 million to ₹ 7.50 million with LTV exceeding 80.00%; and above ₹ 7.50 million 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 and a statutory liquidity ratio ("**SLR**"). 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. In order to maintain a SLR as laid down by the NHB, HFIs are required to maintain a minimum percentage of their public deposits in the form of approved investments of which a specified percentage must be held in approved securities and in fixed deposits. 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 and an SLR within these 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.

23. ***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.***

We have in the past securitized/assigned a portion of the receivables from our loan assets to banks. In Fiscal 2017 and the nine months ended December 31, 2017, our Company had entered into securitization / assignment transactions amounting to ₹ 26,585.42 million and ₹ 15,313.12 million, 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.

24. ***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 (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time, our Company is required to have a regulatory minimum CRAR of 15.00%, with a minimum Tier 1 capital of 10.00%. As of December 31, 2017, our Company's CRAR was 20.28% on a standalone basis, of which Tier 1 capital was 16.22%. 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.

25. In accordance with applicable law, our Company is required to prepare financial statements under Ind AS from April 1, 2018. The transition to Ind AS in India is a recent requirement and the impact of these changes to our historical financial statements prepared in accordance with Indian GAAP is currently unclear and cannot be quantified.

Companies in India, including our Company, are required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards". In accordance with applicable law, our Company meets the criteria to adopt Ind AS in the first phase (i.e., for accounting periods beginning from April 1, 2018) with comparatives for the period ending on March 31, 2017. Primary areas that are likely to be impacted as a result of such transition include accounting of credit losses and securitization transactions.

There is not yet a significant body of established practice on which to draw informing judgments regarding its implementation and application. Additionally, Ind AS differs in certain respects from IFRS and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that our Company's balance sheets, statements of profit and loss, cash flow statements or other financial statements will not be presented differently under Ind AS than under Indian GAAP or IFRS, and we have not conducted a review to identify or determine the extent of any such differences. Our management may also have to divert significant time and additional resources in order to implement Ind-AS on a timely and successful basis. In accordance with applicable law, when our Company adopts Ind-AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. There can be no assurance that the adoption of Ind AS by our Company will not adversely affect our business prospects, financial condition and results of operations.

26. The introduction of GST has resulted in an increase in our tax expenses.

The introduction of the GST with effect from July 1, 2017 has resulted in an increase in our tax expenses. The rate of GST on financial services, excluding interest revenue, is 18% compared to the 15% service tax rate that was payable before the implementation of GST. While certain companies are allowed 100% of the input tax credit, NBFCs, such as our Company, and banks are required to reverse 50% of the input tax credit under GST, which was also the rule under service tax regime. However, due to the increase in the tax rate, our effective input tax credit reversal has increased from 7.75% under service tax to 9% under GST for most of the services that we avail, resulting in additional cost. Although this impact is partially offset due to the fact that we are entitled to avail input tax credit on the goods and services we purchase, the implementation of GST has resulted in an overall increase in our tax expenses.

27. 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.

28. *Some of our 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, 2017, our unsecured loan portfolio was ₹ 18,256.89 million out of our on-book AUM of ₹ 116,827.96 million. 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.

29. *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 Equity Shares. 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.

30. *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.

31. *We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.*

Assets and liability mismatch ("**ALM**") represents a situation when financial terms of an institution's assets and liabilities do not match. ALM is a key financial parameter indicative of an NBFC's performance. We face potential liquidity risks because our assets and liabilities mature over different periods. As is typical for NBFCs, we meet a portion of our funding requirements through short-term funding sources, such as by issuing commercial paper, short-term loans from banks, fixed deposits and unsecured debentures. The majority of our loan assets, however, mature over the medium term. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities in a timely and cost-effective manner or at all may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and profitability.

32. 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 correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information which we may have failed to furnish when being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all HFCs under the NHB Act.

In the event we are 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. In the past, we have been subject to penalties 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.

33. 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.

34. 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.

35. The grant of options under the Magma Employee Stock Option Plan 2007 ("MESOP") and the Magma Restricted Stock Option Plan, 2014 ("MRSOP") will result in a charge to our profit and loss account and may adversely impact our net income.

As on April 2, 2018, stock options available for grant to eligible employees under MESOP are 1.64 million and restricted stock options available for grant under MRSOP are 4.49 million. Under Ind-AS, the grant of employee stock options results in an additional charge to our Company's profit and loss account (the difference on transition date would be adjusted with reserve and balance will be amortized over the remaining vesting period of these stock options) based on the difference between the fair value of the options at the date of grant and the intrinsic value method which is currently followed under Indian GAAP. In addition to the effect on the profit and loss account, the exercise of vested stock options will dilute the interests of shareholders (as in the case of any issuance of Equity Shares). For further information on the MESOP and MRSOP, see "***Capital Structure –Stock Option Plans***" on page 108.

36. 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., 1979 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 practising company secretary that the RoC did not allow the physical verification of the documents filed with them, at this stage.

We have therefore relied upon representations from the current management, for certain details with respect to the history of the Equity Share capital of our Company, as disclosed in the section "***Capital Structure***" on page 105.

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.

37. 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 Zend Mauritius VC Investments Limited ("**Zend**") and the International Finance Corporation ("**IFC**") to each 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 Zend, 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, 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.

38. 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.

39. 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 (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. For details of our capital adequacy requirements, see "***Our Business – Capital Adequacy Ratio***" on page 190.

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 195.

40. 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 ₹ 2.50 million, subject to the condition that the cost of the individual housing unit shall not exceed ₹ 3.00 million. 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.

41. Our statutory auditors have highlighted certain matters of emphasis to their audit reports relating to our Audited Consolidated 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 Restated Financial Statements. For details, see "***Management's Discussion on Financial Condition and Results of Operations – Auditor Observations and Matters of Emphasis***" on page 144.

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 Equity Shares.

42. 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.

43. 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.

44. 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.

45. 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.

46. 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 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.

47. Our secured loans are secured by assets such as shares, real estate and gold, which exposes us to the risk of price decreases in the collateral and liquidity risks.

Where our loans are secured by listed securities, we are exposed to the risk of decreases in share prices and liquidity risks if we cannot sell the pledged shares in the volumes or prices we require to repay the loans. Similarly, in the case of our mortgage financing products, such as home loans, loan against property and developer financing, we are exposed to the risk of decreases in real estate prices and liquidity risks. Any decline in value of the collateral could impair the quality of our loan portfolio and increase the probability of defaults by the borrowers, which could have an adverse effect on our financial condition and results of operations.

48. 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.

49. 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”.

50. 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 . 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.

51. 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.

Our registered office is located at Magma House, 24, Park Street, Kolkata – 700 016, India, and our corporate office is located at Equinox Business Park, 2nd Floor, Tower 3, Off BKC, Ambedkar Nagar, LBS Marg, Kurla West Mumbai – 400 070. Certain of our offices and branches are located on leased 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.

52. 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 of December 31, 2017, our Company had total on-book borrowings of ₹ 81,263.90 million. 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;
- 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.

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.

We have in the past, and may in the future, experience negative operating and investing cash flows. The following table sets forth certain information relating to our cash flows on a standalone basis for the period indicated:

	Fiscal 2017
	(₹ million)
Net cash generated from operating activities	24,063.31
Net cash used in investing activities	(1,801.43)
Net cash used in financing activities	(23,014.40)
Net decrease in cash and cash equivalents	(752.52)

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. For further information, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 111.

55. Some of the information disclosed in this Placement Document 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 "Industry Overview" section of this Placement Document are based on reports of CRISIL Limited titled "Retail Finance - Housing" and "Retail Finance – Auto" dated February 2018, "Auto Finance" and "NBFC's Overview" dated November 2017, 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, we cannot assure you that we will be able to fully control instances of any potential or attempted violation. 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. 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.

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

As of March 31, 2017, we had certain contingent liabilities not provided for, amounting to ₹ 3,162.85 million 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, 2017:

	As of March 31, 2017
	(Audited)
	(₹ million)
Contingent Liabilities	
Claims against our Company not acknowleged as a debt	
Income tax matters under dispute	29.51
VAT matters under dispute	24.05
Service tax matters under dispute	45.25
Legal cases against our Company*	11.63
Guarantees	
Unexpired bank guarantee	3,052.41
Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for share of joint venture ₹ 20.21 millions (2016: ₹ Nil)	107.48
Undisbursed housing / other loans	374.72

** We are 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". In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

RISKS RELATING TO INDIA

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 Equity Shares.

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 Equity Shares.

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 Equity Shares 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 Equity Shares 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 Equity Shares 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 Equity Shares 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 Equity Shares. 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 Equity Shares.

62. The Indian tax regime is currently undergoing substantial changes which could adversely affect our Company's business and the trading price of the Equity Shares.

The introduction of the GST with effect from July 1, 2017 has resulted in an increase in our tax expenses. The rate of GST on financial services, excluding interest revenue, is 18% compared to the 15% service tax rate that was payable before the implementation of GST. While certain companies are allowed 100% of the input tax credit, NBFCs, such as our Company, and banks are required to reverse 50% of the input tax credit under GST, which was also the rule under service tax regime. However, due to the increase in the tax rate, our input tax credit reversal has increased from 7.75% under service tax to 9% under GST for most of the services that we avail, resulting in additional cost. Although this impact is partially offset due to the fact that we are entitled to avail input tax credit on the goods and services we purchase, the implementation of GST has resulted in an overall increase in our tax expenses.

As regards the General Anti-Avoidance Rules ("**GAAR**"), the provisions of Chapter X-A (sections 95 to 102) of the Income Tax Act, 1961, are applicable from assessment year 2019 (Fiscal 2018) onwards. The GAAR provisions intend to declare an arrangement as an "impermissible avoidance arrangement", if the main purpose or one of the main purposes of such arrangement is to obtain a tax benefit, and satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, that is not ordinarily engaged for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wider powers, including denial of tax benefit or a benefit under a tax treaty. In the absence of any precedents on the subject, the application of these provisions is uncertain. As the taxation regime in India is undergoing a significant overhaul, its consequent effects on economy cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

63. 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 governments 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.

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

Our financial statements, including the financial statements included in this Placement Document, are prepared in accordance with Indian GAAP. 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 Placement Document, 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. Accordingly, the degree to which the Indian GAAP financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should, accordingly, consult their own professional advisors before relying on the financial disclosures presented in this Placement Document.

Prospective investors should review the consolidated financial results and consolidated financial statements summarized in the section "***Financial Statements***" on page 276 of this Placement Document, along with the respective GAAP accounting policies and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Accordingly, the degree to which our consolidated financial results and consolidated financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the present and the earlier GAAP applicable in India. Any reliance by persons not familiar with these accounting practices on our financial disclosures presented in this Placement Document should accordingly be limited.

65. 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 Equity Shares.

66. 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.

67. The currency demonetization measures imposed by the Government of India adversely affected the Indian economy and similar unanticipated measures may adversely affect our business our business operations, results of operations and financial condition.

On November 8, 2016, the Indian government announced phasing out of large-denomination currency notes (₹ 500 and ₹ 1,000, representing 86% of the total currency in circulation) as legal tender. They were immediately replaced with new ₹ 500 and ₹ 2,000 currency notes. This measure was undertaken to curb corruption, tax evasion, and counterfeiting. The withdrawal from circulation started immediately and ended on December 30, 2016. India's growth is forecast to increase to 7.2% in fiscal 2017 and accelerate to 7.7% by the end of the forecast horizon—slightly below previous projections. This outlook mainly reflects a more protracted recovery in private investment than previously envisaged. (*Source: World Bank Group. 2017. Global Economic Prospects, June 2017 A Fragile Recovery. Washington, DC: World Bank. Available at http://www.worldbank.org/en/publication/globaleconomic-prospects*). The short-term impact of the currency demonetization was, among other things, a decrease in liquidity of cash and consequently, spending, in India. The long term effects of these measures on the Indian economy, on the markets for various commodities and services, and our operations in particular, are currently. Any slowdown in the Indian economy as a result of the currency demonetization measures or any other similar unanticipated measures may adversely affect our business our business operations, financial condition, results of operations and financial condition.

68. A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the takeover regulations.

69. It may not be possible for investors to enforce any judgment obtained outside India against us, the BRLMs or any of their directors and executive officers in India respectively, except by way of a law suit in India.

The enforcement of civil liabilities by overseas investors in the Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that our Company is incorporated under the laws of the Republic of India and all of its executive officers and directors reside in India. As a result, it may be difficult to enforce the service of process upon our Company and any of these persons outside of India or to enforce outside of India, judgments obtained against our Company and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, Section 14 and Section 44A of the Code of Civil Procedure, 1908 ("**Civil Code**") on a statutory basis. Section 44A of the Civil Code provides that where a certified copy of a decree of any superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment.

70. 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, was at 3.58% (provisional) for the month of December, 2017 (over December, 2016) as compared to 3.93% (provisional) for the previous month and 2.10% during the corresponding month of 2016. (*Source: Index Numbers of Wholesale Price in India, Review for the month of December 2017, published on January 15, 2018 by Government of India, Ministry of Commerce and Industry*) 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.

71. 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 Equity Shares.

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 Equity Shares. 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.

72. Rights of shareholders under Indian laws may differ from the laws of other jurisdictions.

Our Articles and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

73. 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 Equity Shares. 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 Equity Shares.

RISKS RELATING TO THE ISSUE AND THE EQUITY SHARES

74. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by our Company in consultation with the BRLMs. This price will be determined on the basis of applicable law and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

75. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, economic liberalisation, deregulation policies and procedures or programs applicable to our business, adverse media reports on our Company, volatility in the Indian and global securities market, performance of our competitors, the Indian real estate industry and the perception in the market about investments in the real estate industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares. If the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, may adversely affect the trading price of our Equity Shares.

76. Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.

Our Company may be required to finance its future growth and business requirements through additional securities offerings. Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares, including allotments made pursuant to ESOP Plan 2007 and ESOP Plan 2014, or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge, or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

77. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

78. Your ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document.

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For further information, see "***Selling Restrictions***" on page 236. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For further details, see "***Transfer Restrictions***" on page 244. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

79. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. The rate of taxation would be contingent on *inter alia* the period for which such listed equity shares were held. Each prospective purchaser should consult its own tax advisor about the consequences of investing in the Equity Shares.

80. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. There can be no assurance that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, 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 or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

81. The Equity Shares are subject to transfer restrictions.

The Equity Shares are being offered in transactions not required to be registered under the Securities Act. Therefore, the Equity Shares may be transferred or resold only in a transaction registered under or exempted from the registration requirements of the Securities Act and in compliance with any other applicable securities laws. Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of the Equity Shares in the Issue, QIBs subscribing Equity Shares in the Issue may only sell their Equity Shares on BSE or NSE and may not enter into any off-market trading in respect of these Equity Shares. There is no assurance that the restriction will not have an impact on the price of the Equity Shares.

82. There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on the BSE and the NSE in a timely manner, or at all, and any trading closure at the Stock Exchanges may adversely affect the trading price of the Equity Shares.

In accordance with Indian regulations and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict an investor's ability to dispose of the Equity Shares. The Stock Exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of listed Indian entities, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

83. Applicant to the Issue are not permitted to withdraw their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the SEBI ICDR Regulations, applicants in this Issue are not permitted to withdraw their Bids at any stage after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the Issue Closing Date and the date of Allotment. Occurrence of any such events after the Issue Closing Date could also affect the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the applicants' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline.

84. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.

The Equity Shares will be subject to daily circuit breaker imposed by all stock exchanges in India on all listed companies which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Stock Exchanges. The percentage limits on our circuit breakers are set by the Stock Exchanges. The Stock Exchanges are not required to inform us of the percentage limit of such circuit breakers and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

85. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

86. There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell the Equity Shares.

MARKET PRICE INFORMATION

The Equity Shares have been listed and are available for trading on the BSE and NSE. As of the date of this Placement Document, 237,028,672 Equity Shares are issued, subscribed and paid up.

On April 5, 2018 the closing price of the Equity Shares on the BSE and NSE was ₹ 164.80 and ₹ 166.40 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average closing prices of the Equity Shares and the number of Equity Shares traded on the days such high and low closing prices were recorded on Stock Exchanges during the Fiscals 2016, 2017 and 2018:

BSE

Fiscal	High (in ₹)	Date of High	Total Volume on date of High (No. of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (₹) (In Million)	Low (in ₹)	Date of low	Volume on date of Low (No. of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (₹ in Million)	Average price for the year (in ₹)
2016 (April 1, 2015 – May 26, 2015)	105.00	April 13, 2015	42,790	4.47	89.20	May 7, 2015	7,380	0.66	96.72
2016 (May 27, 2015– March 31, 2016) (1)	103.90	August 4, 2015	279,918	28.29	71.00	February 3, 2016	8,342	0.58	87.94
2017	123.15	October 7, 2016	520,373	63.07	77.60	April 5, 2016	17,921	1.39	100.68
2018	185.15	September 13, 2017	23,141	4.32	108.65	April 3, 2017	60,810	6.55	158.86

(Source: www.bseindia.com)

(1) Equity shares allotted under the Preferential allotment commenced trading with effect from May 27, 2015.

NSE

Fiscal	High (in ₹)	Date of High	Total Volume on date of High (No. of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (₹ In Million)	Low (in ₹)	Date of low	Volume on date of Low (No. of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (₹ In Million)	Average price for the year (in ₹)
2016 (April 1, 2015 – May 26,	105.10	April 13, 2015	173,164	18.09	89.35	May 7, 2015	28,704	2.57	96.70

Fiscal	High (in ₹)	Date of High	Total Volume on date of High (No. of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (₹ In Million)	Low (in ₹)	Date of low	Volume on date of Low (No. of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (₹ In Million)	Average price for the year (in ₹)
2015)									
2016 (May 27, 2015– March 31, 2016) (1)	103.80	August 4, 2015	1,212,437	121.20	69.95	January 15, 2016	72,276	5.18	87.90
2017	122.75	October 7, 2016	1,917,100	231.98	77.10	April 4, 2016	96,311	7.45	100.75
2018	184.95	September 13, 2017	743,768	138.35	108.55	April 3, 2017	299,873	32.38	159.13

(Source: www.nseindia.com)

(1) Equity shares allotted under the Preferential allotment commenced trading with effect from May 27, 2015

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been considered.*

(ii) The following table sets forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month Year	High (in ₹)	Date of High	(Volume on date of High) No. of Equity Shares traded on the date of high	Total Volume of Equity shares traded on the date of high (in Million)	Low (in ₹)	Date of low	(Volume on date of Low) No. of Equity Shares traded on the date of low	Total Volume of Equity shares traded on the on date of low (in Million)	Average price for the month (in ₹)
October 2017	181.20	October 12, 2017	25,311	4.62	166.75	October 25, 2017	19,210	3.19	175.84
November 2017	178.85	November 3, 2017	17,180	3.08	166.50	November 7, 2017	37,388	6.45	172.15
December 2017	170.75	December 4, 2017	2,531	0.43	158.15	December 12, 2017	14,213	2.28	163.36

Month Year	High (in ₹)	Date of High	(Volume on date of High) No. of Equity Shares traded on the date of high	Total Volume of Equity shares traded on the date of high (in Million)	Low (in ₹)	Date of low	(Volume on date of Low) No. of Equity Shares traded on the date of low	Total Volume of Equity shares traded on the on date of low (in Million)	Average price for the month (in ₹)
January 2018	179.15	January 12, 2018	26,237	4.73	159.85	January 31, 2018	11,930	1.92	170.00
February 2018	168.70	February 15, 2018	19,729	3.34	146.60	February 7, 2018	3,497	0.52	160.16
March 2018	164.60	March 1, 2018	9,875	1.60	145.35	March 23, 2018	10,648	1.53	153.54

(Source: www.bseindia.com)

NSE

Month Year	High (in ₹)	Date of High	(Volume on date of High) No. of Equity Shares traded on the date of high	Total Volume of Equity shares traded on the date of high (Rs.in Million)	Low (in ₹)	Date of low	(Volume on date of Low) No. of Equity Shares traded on the date of low	Total Volume of Equity shares traded on the on date of low (₹ in Million)	Average price for the month (in ₹)
October 2017	183.75	October 12, 2017	334,939	61.19	168.30	October 25, 2017	102,811	17.15	176.39
November 2017	180.45	November 3, 2017	256,629	46.26	165.30	November 7, 2017	254,034	43.85	172.44
December 2017	169.90	December 1, 2017	35,756	6.11	159.10	December 14, 2017	75,922	12.12	163.79
January 2018	179.45	January 12, 2018	382,956	69.00	158.50	January 31, 2018	68,460	11.00	169.78
February 2018	168.75	February 15, 2018	138,393	23.41	147.25	February 7, 2018	102,440	15.22	160.64

Month Year	High (in ₹)	Date of High	(Volume on date of High) No. of Equity Shares traded on the date of high	Total Volume of Equity shares traded on the date of high (Rs.in Million)	Low (in ₹)	Date of low	(Volume on date of Low) No. of Equity Shares traded on the date of low	Total Volume of Equity shares traded on the on date of low (₹ in Million)	Average price for the month (in ₹)
March 2018	162.45	March 1, 2018	46,736	7.55	145.40	March 22, 2018	181,172	26.88	153.59

(*Source: www.nseindia.com*)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been considered.*

(iii) The following table set forth the details of the number of Equity Shares traded and the volume of business transacted during the last six months and the Fiscals 2016, 2017 and 2018, on the Stock Exchanges:

Period	BSE		NSE	
	Number of Equity Shares Traded	Volume of Business Transacted in Million (₹)	Number of Equity Shares Traded	Volume of Business Transacted in Million (₹)
April 1,2015 to May 26, 2015	791,326	77.59	3,360,243	330.44
May 27,2015 to March 31, 2016	14,384,310	1,350.97	22,944,599	2,062.06
Fiscal 2017	43,980,696	4,483.41	90,634,375	9,503.36
Fiscal 2018	14,724,434	2,388.69	67,391,332	10,337.23
September 2017	5,313,056	955.93	9,019,843	1,607.10
October 2017	932,281	164.56	3,265,655	580.91
November 2017	782,899	134.72	2,812,330	487.17
December 2017	206,046	33.85	1,536,202	251.83
January 2018	382,882	65.93	3,823,531	658.57
February 2018	169,147	27.16	2,404,270	382.89
March 2018	155,915	23.97	2,682,037	403.29

(*Source: www.bseindia.com, www.nseindia.com*)

(iv) The following table sets forth the market price on the Stock Exchanges on November 10, 2017, i.e., the first working day following the approval of the Board of Directors for the Issue:

BSE

Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹ In Million)
166.75	174.90	166.10	173.70	16,665	2.87

(Source: www.bseindia.com)

NSE

Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹ In Million)
169.90	179.00	165.80	174.90	167,797	28.72

(Source: www.nseindia.com)

USE OF PROCEEDS

The total proceeds from the Issue will be approximately ₹ 5,000.00 million.

The net proceeds from the Issue, after deducting fees, commissions and other expenses of the Issue, will be approximately ₹ 4,905.00 million (the "**Net Proceeds**").

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds of the Issue to augment long term working capital requirements, strengthen the financial position of our Company by augmenting its long term capital resources, meeting capital adequacy norms prescribed by the RBI from time to time as applicable to our Company and for general corporate purposes as may be determined by our Board.

<u>Interim use of Net Proceeds</u>

Subject to applicable laws, our Board will have flexibility in deploying the Net Proceeds received by our Company. Pending utilisation for the purposes described above, our Company may temporarily invest funds in creditworthy instruments, including money market mutual funds and deposits with banks. Such investments would be in accordance with the investment policies as approved by our Board from time to time and applicable laws.

Our Board shall determine the quantum of Net Proceeds to be deployed by our Company from the Issue, depending on business opportunities / requirements of our Company from time to time.

Neither our Promoter and Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

The Net Proceeds of the Issue are not proposed to be utilised towards any specific project. Accordingly, the disclosure requirements under the SEBI ICDR Regulations with respect to: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, are not applicable.

CAPITALISATION STATEMENT

The following table sets forth the consolidated capitalisation of our Company as of December 31, 2017 on an:

- actual basis; and
- as adjusted basis to give effect to the Issue.

This table should be read together with the section "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on page 111 and our Company's Condensed Interim Financial Statements and the related notes thereto contained in the section "***Financial Statements***" beginning on page 276.

(₹ in million)

	As of December 31, 2017	As Adjusted for the Issue
Short term borrowing:		
Secured	50,226.20	50,226.20
Unsecured	6,547.97	6,547.97
Long term borrowings including current maturities:		
Secured	27,684.82	27,684.82
Unsecured	10,244.00	10,244.00
Total borrowing (A)	**94,702.98**	**94,702.98**
Shareholders' funds:		
Share capital	473.95	538.47
Reserves and surplus	22,141.30	27,076.78
Fair value change account	0.37	0.37
Total shareholder's funds (B)	**22,615.62**	**27,615.62**
Total Capitalisation (A+B)	**117,318.60**	**1,22,318.60**

Note:

1. *As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue excluding adjustments for Issue related expenses.*

2. *Our Company has post December 31, 2017, allotted 55,000 Equity Shares on January 31, 2018 pursuant to the exercise of options granted under the MESOP. Further, our Company has granted 10,48,083 options to the eligible employees on 1 April 2018 under MESOP. As on the date of this Placement Document, 1,708,083 options granted by our Company under MESOP and 510,000 options awarded under MRSOP are outstanding. For further details, see "**Capital Structure**" at page 105.*

3. *Above adjustment has been made in the shareholders fund basis December 31, 2017 figures.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Placement Document is set forth below:

(In ₹ million, except share data)

		Aggregate value at face value
A	**AUTHORIZED SHARE CAPITAL**	
	390,000,000 Equity Shares	780.00
	58,300,000 Preference Shares	5,830.00
	Total Authorised Share Capital	6,610.00
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	237,028,672 Equity Shares	474.06
C	**PRESENT ISSUE IN TERMS OF THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT**	
	32,258,064 Equity Shares aggregating to approximately ₹ 5,000.00 million(1)	64.52
D	**PAID-UP EQUITY SHARE CAPITAL AFTER THE ISSUE**	
	269,286,736 Equity Shares	538.57
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	13,222.19
	After the Issue	18,157.67*

* *Adjustments do not include Issue expenses.*

(1) *The Issue has been authorised by the Board vide a resolution passed in its meeting held on November 9, 2017 and by our Shareholders pursuant to a special resolution vide postal ballot, held on December 22, 2017.*

Equity Share capital history of our Company

The history of the Equity Share capital of our Company is provided in the following table:

Date of allotment	Nature of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration
December 18, 1978	Subscription to the Memorandum	200	10	10	Cash
1979- 1981*	Not ascertainable*	199,800*	Not ascertainable*	Not ascertainable*	Not ascertainable*
March 4, 1989	Merger of Calcutta Credit Corporation Limited into our Company	3,954,500	10	NA	Other than cash
August 21, 1993	Merger of Magma Leasing Limited and ARM Leasing Limited into our Company	2,120,900	10	NA	Other than cash
May 10, 1995	Conversion of Part 'A' of secured redeemable partly convertible debentures	2,510,160	10	20	Conversion of secured, redeemable, partly convertible debentures

Date of allotment	Nature of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration
					into equity shares
July 19, 1997	Conversion of 12.25% secured fully convertible debentures	2,415,458	10	20.70	Conversion of 12.25% secured fully convertible debentures into equity shares
August 20, 2001	Merger of Consortium Finance Limited into our Company	173,974	10	NA	Other than cash
August 5, 2005	Preferential allotment	3,017,000	10	96	Cash
August 4, 2006	Preferential allotment	2,537,772	10	180	Cash
May 8, 2007	Merger of Shrachi Infrastructure Finance Limited into our Company	3,233,076	10	NA	Other than cash
February 4, 2008	Conversion of 5% optionally convertible preference shares	1,614,300	10	200	Conversion of 5% optionally convertible preference shares into equity shares
May 12, 2010	Qualified institutions placement vide the placement document dated May 10, 2010	4,067,220	10	301	Cash
May 25, 2010	Pursuant to MESOP	25,260	10	180	Cash
Pursuant to resolution dated June 14, 2010 of the Board, and the resolution of our Shareholders dated July 15, 2010, the face value of the Equity Shares was reduced from ₹ 10 each to ₹ 2 each. Accordingly, the issued, subscribed and the paid-up Equity Share capital of our Company being 25,869,620 equity shares of ₹ 10 each was subdivided into 129,348,100 Equity Shares of ₹ 2 each					
November 19, 2010	Pursuant MESOP	425,450	2	36	Cash
June 30, 2011	Preferential allotment	49,854,375	2	88	Cash
July 29, 2011	Pursuant to MESOP	35,650	2	36	Cash
October 28, 2011	Preferential allotment	10,000,000	2	50	Cash
November 25, 2011	Pursuant to MESOP	68,600	2	36	Cash
August 17, 2012	Pursuant to MESOP	159,850	2	36	Cash
November 30, 2012	Pursuant to MESOP	64,750	2	36	Cash
July 24, 2013	Pursuant to MESOP	129,800	2	36	Cash
December 6, 2013	Pursuant to MESOP	33,400	2	36	Cash
July 30, 2014	Pursuant to MESOP	136,075	2	36	Cash
July 30, 2014	Pursuant to MESOP	75,000	2	60	Cash

Date of allotment	Nature of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration
November 5, 2014	Pursuant to MESOP	36,325	2	36	Cash
November 5, 2014	Pursuant to MESOP	15,000	2	60	Cash
February 3, 2015	Pursuant to MESOP	6,000	2	36	Cash
February 3, 2015	Pursuant to MESOP	37,500	2	60	Cash
April 24, 2015	Pursuant to MESOP	30,000	2	60	Cash
May 8, 2015	Preferential Allotment	46,296,297	2	108	Cash
July 31, 2015	Pursuant to MESOP	14,000	2	36	Cash
July 31, 2015	Pursuant to MESOP	15,000	2	60	Cash
February 8, 2016	Pursuant to MESOP	47,500	2	60	Cash
April 26, 2016	Pursuant to MESOP	15,000	2	60	Cash
August 13, 2016	Pursuant to MESOP	90,000	2	60	Cash
February 8, 2017	Pursuant to MESOP	26,000	2	60	Cash
May 10, 2017	Pursuant to MESOP	14,000	2	60	Cash
January 31, 2018	Pursuant to MESOP	55,000	2	60	Cash

* *See "**Risk Factors- 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 at any time in the future**."* at page 82.

Issuance of shares in the last one year

Other than as mentioned above, our Company has not issued any Equity Shares in the one year preceding the date of the Preliminary Placement Document and until the date of this Placement Document. In the last one year preceding the date of the Preliminary Placement Document and until the date of this Placement Document, our Company has not issued any Equity Shares for consideration other than cash.

Our Company does not have any outstanding preference shares or other convertible instruments, as on the date of the Preliminary Placement Document and until the date of this Placement Document.

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. 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. 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 has 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**") whereby all the assets and liabilities of MITL, our wholly owned subsidiary, would be transferred to our Company as going concern with effect from October 1, 2017. 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. The Board of Directors of our Company and MITL approved the Scheme unanimously at their respective meetings dated November 9, 2017 and October 28, 2017 along with the debenture holders and equity shareholders of our Company and the secured, unsecured creditors of our Company and MITL at the NCLT convened meetings dated February 17, 2018. The Scheme was served on the Central Government through the Regional Director, Eastern Region, Ministry of Corporate Affairs (the "**Regional Director**"), Registrar of Companies, West Bengal, ("**ROC**"), the Official Liquidator attached to the NCLT ("**OL**"), the income tax assessing officer ("**ITA**"), RBI, SEBI, BSE and NSE. Our company received a no objection certificate from RBI dated November 17, 2017. The NCLT through its order dated March 19, 2018 has fixed April 26, 2018 as the date of hearing for the sanctioning of the Scheme.

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 in 2014 ("**MRSOP**").

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 1,000,000 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 1,000,000 to 5,000,000 Equity Shares. 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 5,000,000 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.

Details with respect to the Stock Option Plans as on the date of April 2, 2018 are set forth below:

S. No.	Particulars	Number of Equity Shares/options	
		MESOP	MRSOP
1.	Total number of options/restricted stock options	5,000,000	5,000,000
2.	Total number of options/restricted stock granted	4,612,083	1,200,000
3.	Options/restricted stock options vested and not exercised	10,000	Nil
4.	Options/restricted stock options exercised	1,656,200	Nil

S. No.	Particulars	Number of Equity Shares/options	
		MESOP	MRSOP
5.	Options/restricted stock options lapsed or forfeited	1,247,800	690,000
6.	Total number of options/restricted stock options outstanding with option holders	1,708,083	510,000

DIVIDEND

Our Company has adopted a dividend distribution policy effective from February 9, 2017.

Subject to the provisions of the applicable law, our Company's dividend pay-out will be determined based on available financial resources, investment requirements and considering optimal shareholder return. Within these parameters, our Company would endeavour to maintain a total dividend pay-out ratio in the range of 10% to 20% of the annual standalone profits after tax of our Company. While determining the nature and quantum of the dividend pay-out, including amending the suggested pay-out range, the Board would consider various internal as well as external factors, and shall make the determination after analysing the prospective opportunities and threats, capital adequacy requirements, viability of the options of dividend pay-out or retention etc., the Board while considering the balanced interest of the Shareholders, shall also consider past dividend history and the Shareholders' expectations while determining the rate of dividend. The shareholders of our Company may not expect dividend under following circumstances:

i. Proposals for major capital expenditure, including the need for replacement of capital assets, expansion, modernisation and automation or augmentation of capital stock.

ii. Failure to maintain the expected capital risk weighted assets ratio.

iii. In the event of inadequacy of operating cash flow available for distribution.

iv. Any restriction on the payment of dividends by virtue of any regulation as may be applicable to our Company at the time of declaration of dividend.

v. In the event of inadequacy or absence of profits.

Our Company has paid the following dividends on the Equity Shares for the Fiscals 2018, 2017, 2016 and 2015.

Fiscal Year	**Dividend per Equity Share**	**Total amount of dividend paid**[(1)]
	(₹)	**(in ₹ million)**
2018[(2)]	Nil	Nil
2017	0.80	228.17
2016	0.80	228.05
2015	0.80	227.96

(1)Inclusive of tax on dividend distribution.
(2) Our Company has not as on the date of this Placement Document declared or paid any dividend for Fiscal 2018.

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. The declaration of dividends will dependent on a number of internal and external factors, including but not limited to the stability of earnings, cash flow position from operations, future capital expenditure, inorganic growth plans and reinvestment opportunities, industry outlook and stage of business cycle for underlying businesses, leverage profile and capital adequacy metrics, overall economic / regulatory environment, contingent liabilities, past dividend trends, buyback of shares or any such alternate profit distribution measure and any other contingency plans. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

For a summary of certain Indian tax related consequences of dividend distributions to shareholders, see "***Statement of Tax Benefits***" beginning on page 284.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Some of the information contained 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**" for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" for a discussion of certain factors that may affect our business, financial condition and 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 our Audited Consolidated Financial Statements for Fiscal 2015, 2016 and 2017, and our Unaudited Financial Results for the six months ended September 30, 2016 and 2017 and nine months ended December 31, 2016 and the Condensed Interim Financial Statements for the nine months ended December 31, 2017, included in this Placement Document. For further information, see "**Financial Statements**" on page 276.*

*Our financial statements included in this Placement Document are prepared in accordance with Indian GAAP. We are required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards" ("**Ind AS**") in accordance with applicable law, which is currently with effect from April 1, 2018, with corresponding periods in the previous fiscal year. Given that Ind AS differs in many respects from Indian GAAP, our financial statements relating to any period subsequent to April 1, 2018 (and for any prior corresponding periods in the previous fiscal year) may not be comparable to our historical financial statements prepared under Indian GAAP. Indian GAAP and Ind AS also differ in certain respects from IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements included in this Placement Document will provide a meaningful information to a prospective investor is entirely dependent on such reader's level of familiarity with Indian accounting processes and practices.*

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 among the leading non-banking finance companies in India with a primary lending focus on rural and semi-urban markets with customers across the country.

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. Since inception, we have served over 1.70 million customers. As of December 31, 2017, we had around 0.90 million active customers, of which approximately 0.50 million active customers were in our financing businesses and 0.40 million 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, 2017, we had a presence across 19 States and two Union Territories in India through 304 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 ₹ 111,821.01 million and ₹ 106,419.51 million as of March 31, 2017 and as of December 31, 2017, respectively.

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 ₹ 30,297.55 million and ₹ 27,845.70 million as of March 31, 2017 and as of December 31, 2017, respectively.

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 ₹ 18,887.29 million and ₹ 18,256.89 million as of March 31, 2017 and as of December 31, 2017, respectively.

General Insurance. We offer a range of general insurance products that include motor, health, liability, fire, engineering, marine and other insurance products. We distribute 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 was ₹ 4,228.80 million and ₹ 3,654.41 million for Fiscal 2017 and for the nine months ended December 31, 2017, respectively.

Certain notable awards received by us include the CSR Leadership Award, CIO Crown – Digital Innovation Award, 2017, CII National HR Excellence Award – Confluence and Conclave, 2015 and India Customer Service Leadership Award – The Vehicle Fleet Leasing Industry, India by Frost & Sullivan, 2016.

The following table sets forth certain information relating to our operations and financial performance in the periods specified:

(₹ million, except ratios and percentages)

	As of / For the year ended March 31, 2015	**As of / For the year ended March 31, 2016**	**As of / For the year ended March 31, 2017**	**As of / For the nine months ended December 31, 2017**
AUM(1)				
Asset Backed Finance	153,319.85	130,848.29	111,821.01	106,419.51
Mortgage Finance	28,487.07	33,677.72	30,297.55	27,845.70
SME Finance	13,858.36	17,306.32	18,887.29	18,256.89
Total AUM	**195,665.28**	**181,832.33**	**161,005.85**	**152,522.10**
Gross NPA	9,516.27	14,646.73	10,797.12	10,854.79
Gross NPA/ AUM (%)	4.86%	8.06%	6.71%	7.12%
Net NPA	7,549.25	11,516.15	8,888.51	7,969.28
Net NPA/ AUM (net of provision) (%)	3.90%	6.44%	5.59%	5.33%
Net Worth (net of goodwill)	16,406.00	20,900.80	21,109.18	22,472.22
Return on Average Net Worth(2)	10.80%	11.06%	0.97%	9.73%#
Return on Average AUM(3) (%)	1.00%	1.13%	0.07%	1.35%#
Return on Average Total Assets(4)	1.33%	1.40%	0.09%	1.57%#
Net Interest Margin(5)	6.16%	6.97%	7.43%	8.67%
Revenue from (including operating result from general insurance business)	23,536.31	24,721.95	23,444.75	16,611.26
Profit after tax (before minority interest)	1,872.66	2,134.79	127.32	1,589.47
Disbursement(6)	101,152.36	71,803.05	67,158.17	50,538.21
General Insurance (Gross Written Premium)	5,548.14	4,273.67	4,228.80	3,654.41

 # Return on Average Net Worth, Return on Average AUM and Return on Average Total Assets for the nine months ended December 31, 2017 has been presented on an annualized basis.

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.

3. Return on Average AUM is calculated as the net profit (before minority interest) of our Company on a consolidated basis for the relevant year/ period as a percentage of Average AUM of our Company on a consolidated basis in such year/ period.
4. Return on Average Total Assets is calculated as the Net Profit (before minority interest) of our Company on a consolidated basis for the relevant year/ period as a percentage of Average Total Assets of our Company on a consolidated basis in such year/ period.
5. Net Interest Margin represents the ratio of the Net Interest Income to the Average AUM of our Company on a consolidated basis in the relevant year/ period. Note that the manner in which we have calculated and presented Net Interest Margin taking into account the Average AUM may not be comparable to that presented by other financial services companies.
6. 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 for which actual disbursement may have occurred subsequent to the relevant date.

Our Company's CRAR as of March 31, 2015, 2016, 2017, and December 31, 2017 were 16.30%, 18.72%, 20.37% and 20.28%, respectively. Our Tier I capital was ₹ 13,244.82 million, ₹ 17,709.91 million, ₹ 16,326.24 million and ₹ 16,984.56 million as of March 31, 2015, 2016, 2017 and December 31, 2017, 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.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Availability of cost-effective funding sources

The availability of cost-effective funding sources affects our results of operations. Our funding sources are varied, as we believe a diversified debt profile ensures we are not overly dependent on any one type or source for funding. We have diversified funding sources through non-convertible debentures, cash credit facilities, working capital demand loan, term loans and commercial paper. This enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. As of December 31, 2017, our aggregate secured borrowings were ₹ 77,911.02 million, representing 82.27% of our total borrowings. Our current maturities of the secured long-term borrowings were ₹ 8,845.56 million and our secured short-term borrowings were ₹ 50,226.20 million, aggregating to ₹ 59,071.76 million, representing 62.38% of our total borrowings. Our secured short-term borrowings outstanding as of December 31, 2017 included cash credit and working capital facilities amounting to ₹ 50,226.20 million that are renewed on year-to-year basis and are therefore revolving in nature.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to raise funds by issuing equity and debt securities and to borrow from various external sources on suitable interest rates, other terms and in a timely manner. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include our credit ratings, cash flows and available credit limits. Finance costs represent a majority of our expenses and represented 51.67%, 47.54%, 46.90% and 40.33% of our total revenue in Fiscal 2015, 2016 and 2017 in the nine months ended December 31, 2017, respectively. We believe that we have been able to maintain relatively stable finance costs as a result of our effective fund raising and asset management strategy. Our ability to maintain our finance costs at optimum levels will continue to have a direct impact on our profitability, results of operations and financial condition. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin.

Credit quality, provisions and write-offs

Our NPA level is a function of our credit quality, which is further dependent upon our recovery mechanisms and credit appraisal processes. The credit quality of our loans directly affects our results of operations, as the quality of our loan portfolio determines our ability to reduce the risk of losses from loan impairment. With the growth of our business, our ability to manage the credit quality of our loans will be a key driver to our results of operations, as quality loans help reduce the risk of losses from loan impairment and write-offs. We maintain credit quality based on verification of risk profile of borrower, source of repayment and the underlying collateral.

The following table illustrates our asset quality ratios as of the dates indicated:

	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	(Audited)			(Unaudited)	
	(₹ in million, except percentages)				
NPAs					
Gross NPA / Total AUM (%)	4.86%	8.06%	6.71%	7.19%	7.12%
Net NPAs / Total AUM (%)	3.90%	6.44%	5.59%	5.57%	5.33%

We make provisions in respect of standard, sub-standard, doubtful and loss assets which are in compliance with the directions, circulars and notifications issued by the RBI and NHB. These provisioning norms are considered as the minimum and higher provisioning is made based on the perceived credit risk wherever necessary. As required by RBI Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dated November 10, 2014, our Company adopts the revised NPA norms applicable for the year ending March 31, 2018, in a phased manner over the financial year except for our Subsidiary, Magma Housing Finance Limited which follows the applicable NHB Guidelines.

Borrowing and lending rates volatility

Our results of operations are significantly dependent upon the level of our net interest income, the difference between our interest income and finance costs. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities, and as such our net interest margins. Interest / finance income is the largest component of our total revenues, and represented 92.61%, 93.06% and 92.94% of our total revenues in Fiscal 2015, 2016, 2017, respectively. Similarly, finance costs represents a significant majority of our expenses and in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017, finance costs represented 51.67%, 47.54%, 46.90% and 40.33% of our total revenue, respectively.

Our net interest income is affected by our interest expense, which is dependent on our borrowings and associated interest rates. Net interest margin is an important parameter across our business. For further information on our net interest margins, cost of borrowing, yield, and spread, see "***Selected Statistical Information***". Any adverse change to net interest margins, yield or cost of borrowing will have a significant impact on our results of operations.

The table below sets out certain key financial indicators as of or for the period/year specified in connection with this factor.

Particulars	As of March 31			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	(Audited)			(Unaudited)	
	(₹ million, except percentages)				
Total Debt	116,233.64	118,455.29	100,753.17	93,132.92	94,702.98
Interest income and other charges on loan portfolio (includes Operating and Other income)	23,859.80	25,063.31	23,994.52	11,179.57	17,083.99
Gross Finance Costs	12,329.36	11,915.96	11,254.45	4,682.79	6,889.48
Net Interest Income	11,530.44	13,147.35	12,740.07	6,496.78	10,194.51
Average Earning Assets	187,219.08	188,748.80	171,419.09	156,812.79	156,763.97
Net Interest Margin	6.16%	6.97%	7.43%	8.29%	8.67%

Our Finance Cost depend on various external factors, including interest rate movements and adequate liquidity in the debt markets. Internal factors that may impact our cost of borrowing include changes in our credit ratings, available credit limits and access to the securitization market. Changes in RBI repo rates could affect the interest rates paid on interest-bearing liabilities in various ways, particularly for our housing finance business. Adverse conditions in the global and Indian economy resulting from economic dislocations or liquidity disruptions may adversely affect availability of credit, and decreased liquidity may lead to an increase in interest rates. Interest rates have a substantial effect on our cost of funding, our business volume and our profit margin. In our housing finance business, declining interest rates may lead to increased prepayments and repricing of our loans as borrowers seek to take advantage of the more attractive interest rate environment to reduce their borrowing costs. Declining interest rates also may lead to a greater demand for additional borrowings as business owners seek to take advantage of lower interest rates, resulting an increase in volume of financing business. Conversely, when interest rates rise, there are typically less prepayments and less pressure to reprice loans; there is also less demand for new funds, resulting in a decrease in volume of financing business. In a rising interest rate scenario, our profit margin is therefore primarily dependent on our ability to attract new business, either through existing customers or new customers, than it is in a declining interest rate scenario. If we are not successful in increasing the volume of our business in such a scenario, our profit margin may deteriorate. In addition, changes in interest rates also affect the interest rates we pay on our interest-bearing liabilities. As there are varying maturity periods applicable to our interest-bearing assets and interest-bearing liabilities, a change in interest rates may result in an increase in interest expense relative to interest income leading to a reduction in our net interest income.

Operating expenses

Our expenses have an impact on our profitability. Our expenses, which comprise (a) our employee benefits expenses, (b) finance costs, (c) depreciation and amortization expenses, (d) provisions and bad debts written-off and (d) other expenses and represented 90.63%, 87.80%, 98.05%, 86.80% and 85.95% of our total revenue for Fiscal 2015, 2016 and 2017 and for six months ended September 30, 2017 and for the nine months ended December 31, 2017, respectively.

Our ability to deliver new products in different geographies

The diversification of our product portfolio is key to the growth of our business and operations. In addition, we look to expand our product offerings and services across newer geographies within India. In the past, we have expanded our business to include housing finance and general insurance products. To the extent that our diversification strategies are successful, it may help us mitigate various risks associated with concentration, particularly wide-ranging fluctuations in our revenue stream due to singular factors connected with limited business lines.

Macroeconomic environment in India

Our financial performance is dependent on the overall economic condition in India, including the GDP growth rate, the economic cycle and the condition of the securities markets. Our financial results are influenced by macroeconomic factors relating to growth of the Indian economy in general and the financial industry in particular.

The Government's monetary policy is heavily influenced by the condition of the Indian economy, the prevailing interest rates, and changes in the monetary policy affect the interest rates of our advances and borrowings. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting monetary policy. If general economic conditions in India deteriorate or are not in line with our expectations, if our business operations are impacted in a manner that vary from our expectations, or if favorable trends in the financial services industry in India slow down or are reversed, our financial condition and results of operations may be materially impacted.

Government policy and regulatory framework

We operate in a highly regulated industry and have to adhere to various laws, rules and regulations. For details, see "***Regulations and Policies***". Any changes in the regulatory environment under which we operate could adversely affect our results of operations and financial condition. Our results of operations and continued growth depend on stable government policies and regulation. Our Company is classified as an NBFC and it will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, income recognition and NPA provisioning norms, priority sector and other lending stipulations and other operational restrictions. For further details, see "***Regulations and Policies***" on page 195. Any change in the regulatory framework affecting NBFCs and in particular those requiring NBFCs to maintain certain financial ratios, placing restrictions on securitisation, accessing funds or lending to NBFCs among others, would adversely affect our results of operations and growth. Further, the Government's decision on demonetisation resulted in greater market volatility and a reduction in income of some of our customers, and adversely affected our business in the short term.

In addition, our housing finance business through MHF is regulated by the NHB Directions that require housing finance institutions ("**HFIs**") to comply with certain capital adequacy requirements and statutory liquidity ratio ("**SLR**"). Further, in order to maintain a SLR as prescribed by the NHB, HFIs are required to maintain a minimum percentage of their public deposits in the form of approved investments of which a specified percentage must be held in approved securities and in fixed deposits. 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. In order to encourage the flow of credit to the housing industry, the Government has implemented various policy initiatives and has launched several affordable housing schemes aimed at providing low-cost, long-term credit to the low and middle income segments in rural and urban parts of India. Any significant change by the GoI, the NHB or the RBI in their various policy initiatives facilitating the provision of housing and housing finance may affect the demand for housing and housing finance in India or could require changes to our systems and business operations, which would require us to incur additional costs and management time. In addition, any changes in the regulatory framework affecting HFCs, including with respect to the provisioning norms for NPAs, capital adequacy requirements, or the calculation of risk-weighted assets, could affect our profitability and consequently our net worth. Furthermore, any additional requirements, such as in relation to securitisation, re-financing of our loans with NHB or restrictions imposed on lending by banks to HFCs could adversely affect our growth.

Recently, the GoI introduced Section 269(ST) to the Income Tax Act, which restricts cash transactions above ₹ 200,000. Cash has historically been a preferred mode of transactions for people in semi urban and rural markets in India and may continue to be in the future. Due to the introduction of such restrictions, our collections may be affected in the short term until our customers start making repayments through banking channels including digital modes. Further, the Government action of demonetization resulted in greater market volatility and a reduction in income of some of our customers, and we experienced a short-term impact on our operations as a result of the demonetization. In addition, GoI also introduced the Goods and Services Tax ("**GST**") and we expect our overall tax expenses to increase as a result of an increase in tax rates on income from service charges, document charges and other fees on loan transactions. As a result of the introduction of GST, we are also required to pay a tax on the disposal of repossessed assets under certain circumstances.

Introduction of Ind-AS and Impact on Preparation and Presentation of our Historical and Future Financial Statements

We are required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards" ("**Ind AS**") in accordance with applicable law which is currently with effect from April 1, 2018, with corresponding periods in the previous fiscal year. Given that Ind AS differs in many respects from Indian GAAP, our financial statements relating to any period subsequent to April 1, 2018 (and for any prior corresponding periods in the previous fiscal year) may not be comparable to our historical financial statements prepared under Indian GAAP.

Owing to a lack of precedents we have not determined with any degree of certainty the impact of the adoption of Ind AS on our financial statements. However, on a preliminary evaluation of the differences between Indian GAAP and Ind AS, we believe that certain matters may have an impact on the preparation and presentation of, in accordance with Ind AS, our future financial statements, and, to the extent applicable, our historical financial statements. In particular, when we commence preparation of our financial statements under Ind AS, with effect from April 1, 2018, in accordance with applicable law we will also be required to prepare and present Ind AS financial statements for corresponding periods in Fiscal 2018. Such comparative Ind AS financial statements for any period in Fiscal 2018 may vary materially from our Indian GAAP financial statements included in this Placement Document. For further information on the impact of the adoption of Ind AS on our financial statements, see "***Summary of Significant Differences between Indian GAAP and Ind AS***".

Competition

We operate in a highly comepetive environment and we expect competition to intensify in the future. Our competitors include established Indian and foreign commercial banks, NBFCs, HFCs, small finance banks, microfinance companies. 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 sources of funding and in implementing new technologies and rationalizing related operational costs.

Our competitors may have competitive advantages over our businesses including greater financial resources, better brand recognition, broader knowledge resources and client base. 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.

Seasonality

Our operations are affected by seasonal trends in the Indian economy. Typically, 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 typically experience higher volumes of business during this period. Any significant unforeseen events such as floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season would 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.

Demonetisation

On November 8, 2016, the GoI withdrew the legal tender of the ₹ 500 and ₹ 1,000 denominations of bank notes. Pursuant to this currency demonetisation, these high denomination notes have no value and cannot be used for transactions or exchange purposes. These notes were replaced with a new series of bank notes of ₹ 500 and ₹ 2,000 denominations through banks.

Demonetisation had an adverse effect on our results of operations and financial condition for Fiscal 2017 and the six months ended September 30, 2017. A majority of our customers are low and middle income individuals, and SMEs that were substantially affected by this measure which in turn had an impact on our collections. Demonetisation also had an adverse impact on delinquencies in our asset backed financing business as well as our collections from our SME customers, where cash transactions are very common.

SIGNIFICANT ACCOUNTING POLICIES

(i) 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.

(ii) 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.

(iii) 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 principle 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: Our 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.

Our 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.

Our 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 our 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.

(iv) 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 income".

(v) 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.

(vi) 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 our Company for its use.

(vii) Impairment

Our Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, our 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.

(viii) 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.

(ix) 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

Our Company's gratuity benefit scheme is a defined benefit plan. Our 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 our 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.

(x) Employee stock option schemes

The Employees Stock Option Scheme (the Scheme) provides for grant of the equity shares of our Company to employees. The scheme provides that employees are granted an option to subscribe to the equity shares of our Company that vest in a graded manner. The options may be exercised within the specified period. Our 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.

(xi) 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.

(xii) Provision and contingencies

A provision is recognised if, as a result of a past event, our 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 our 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, our 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.

(xiii) 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.

(xiv) 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".

(xv) 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.

(xvi) 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.

(xvii) 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.

(xviii) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash-in-transit and cash on deposit with banks and corporations. Our 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.

SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT)

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.

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.

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.

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.

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.

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 our 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 our Company.

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 our Company in accordance with guidelines issued by IRDAI and acturies practice standard issued by the Institute of Actuaries of India.

Depreciation and amortization

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 our Company for its use.

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 weighted 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

Our 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.

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.

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.

Share Issue Expenses

Share issue expenses are charged to Profit and Loss account.

Terrorism Pool

In accordance with the requirements of IRDAI, we, 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 are ceded at 100% of the terrorism premium collected to the terrorism pool.

In accordance with the terms of the agreement, GIC, retrocedes, to us terrorism premium to the extent of our 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. We have created liability, to the extent of 100% of premium (net of claims and expenses) retroceded to us during the year, through reserve for unexpired risks.

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Revenue

Our revenue comprises (i) revenue from operations including interest/ financial income and other financial income, (ii) operating result from general insruance business and (ii) other income.

Revenue from Operations

Interest / finance income

Interest/ Finance income comprises interest and/or finance income (i) on assets on finance, (ii) on securitisation and asssignment of loans, (iii) on pass through certificates, (iv) on fixed deposits, and (v) on loans and margins.

Other financial income

Other financial income comprises income from lease rentals, collection and support services, foreclosure charges, income on non-convertible debentures and others.

Operating result from general insurance business

Operating result from general insruance business comprises (i) premium income including premiums earned, interest, dividend and rent, profit/ loss on sale/ redemption of investments and others, and (ii) operating expense inlcuding claims incurred, commission, contribution to solatium fund, operating expenses related to insurance business

Other income

Other operating income includes, amongst others, (i) sale of power; (ii) insruance commission; (iii) commission income; (iv) bad debt recoveries ; and (v) miscellaneous income

Expenses

Our expenses comprise (i) employee benefit expenses; (ii) finance costs; (iii) depreciation and amortization expenses; (iv) provisions and bad debts written-off and (v) other expenses.

Employee benefits expense

Employee benefits expense comprises (i) salaries and wages; (ii) contribution to provident and other funds; (iii) employee share based compensation expense; and (iv) staff welfare expenses.

Finance costs

Finance costs comprise (i) interest expenses on debentures, term loans, cash credit and working capital facilities and others; (ii) discount on commercial papers; (iii) other borrowing costs and (v) mark-to-market profit/ loss on derivative contracts.

Depreciation and amortization expenses

Depreciation and amortization comprises (i) depreciation charges on fixed assets; and (ii) amortization charges on intangible assets.

Provisions and bad debts written-off

Provisions and bad debts written off comprises (i) bad debts written-off; (ii) net loss/ gain on sale of non-performing assets; (iii) provisions for non-performing assets; and (iv) contingent provision against standard assets.

Other expenses

Other expenses includes, amongst others (i) rent; (ii) brokerage and commission; (iii) traveling and conveyance; (iv) repairs and maintenance; (v) professional fees; (vi) legal charges; (vii) communication; (viii) electricity charges and (viii) miscellaneous expenses.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our revenue in the periods indicated:

	Fiscal					
	2015		2016		2017	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(Audited)					
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Revenue						
Revenue from Operations	23,547.79	98.69	24,777.73	98.86	23,456.20	97.76
Operating result from general insruance business	(11.49)	(0.05)	(55.78)	(0.22)	(11.45)	(0.05)
Other Income	323.49	1.36	341.35	1.36	549.77	2.29
Total Revenue	**23,859.80**	100.00	**25,063.31**	100.00	**23,994.52**	100.00
Expenses						
Employee Benefit Expenses	3,618.20	15.16	3,172.17	12.66	2,933.20	12.22
Finance Costs	12,329.36	51.67	11,915.96	47.54	11,254.45	46.90
Depreciation and Amortization Expenses	345.69	1.45	394.84	1.58	485.01	2.02
Provisions and bad debts written-off	2,443.64	10.24	3,749.76	14.96	6,068.60	25.29
Other expenses	2,888.01	12.10	2,772.36	11.06	2,785.35	11.61
Total Expense	**21,624.90**	90.63	**22,005.09**	87.80	**23,526.60**	98.05
Profit before tax	**2,234.90**	9.37	**3,058.22**	12.20	**467.91**	1.95
Tax Expense						
Current Tax						
- current year	550.63	2.31	1,378.07	5.50	163.83	0.68
- earlier year	19.66	0.08	(2.25)	(0.01)	(13.85)	(0.06)
Share of current tax of joint venture	(16.57)	(0.07)	0.07	0.00	0.03	0.00
MAT credit entitlement	-	-	-	-	-	-
Net current tax	553.72	2.32	1,375.89	5.49	150.01	0.63
Deferred tax	(201.32)	(0.84)	(474.63)	(1.89)	190.58	0.79
Share of deferred tax of joint venture	9.84	0.04	22.17	0.09	-	-
Profit after tax	**1,872.66**	7.85	**2,134.79**	8.52	**127.32**	0.53
Minority Interest	65.99	0.28	21.02	0.08	(77.20)	(0.32)
Profit after tax and minority interest	**1,806.67**	7.57	**2,113.77**	8.43	**204.53**	0.85

	Six months ended				Nine months ended			
	September 30, 2016		September 30, 2017		December 31, 2016		December 31, 2017	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(Unaudited)							
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Revenue								
Revenue from Operations	12,046.21	97.82	10,805.19	96.65	17,849.34	97.77	16,604.52	97.19

	Six months ended				Nine months ended			
	September 30, 2016		September 30, 2017		December 31, 2016		December 31, 2017	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(Unaudited)							
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Operating result from general insruance business	(7.17)	(0.06)	0.25	0.00	(4.09)	(0.02)	6.74	0.04
Other Income	275.36	2.24	374.13	3.35	410.38	2.25	472.73	2.77
Total Revenue (net)	**12,314.39**	100.00	**11,179.57**	100.00	**18,255.63**	100.00	**17,083.99**	100.00
Expenses								
Employee Benefit Expenses	1,500.21	12.18	1,776.60	15.89	2,268.77	12.43	2,724.55	15.95
Finance Costs	5,963.78	48.43	4,682.79	41.89	8,685.36	47.58	6,889.48	40.33
Depreciation and Amortization Expenses	225.28	1.83	245.49	2.20	362.03	1.98	364.02	2.13
Provisions and bad debts written-off	1,828.65	14.85	1,663.03	14.88	2,875.76	15.75	2,681.04	15.69
Brokerage and commission	558.55	4.54	470.28	4.21	827.59	4.53	717.24	4.20
Other expenses	818.57	6.65	865.19	7.74	1,252.77	6.86	1,307.40	7.65
Total Expense	**10,895.04**	88.47	**9,703.37**	86.80	**16,272.28**	89.14	**14,683.73**	85.95
Profit from ordinary activities before tax	**1,419.35**	11.53	**1,476.20**	13.20	**1,983.35**	10.86	**2,400.26**	14.05
Tax Expense								
Current Tax	508.16	4.13	530.41	4.74	925.47	5.07	733.47	4.29
Deferred tax	(70.44)	(0.57)	6.52	0.06	(288.60)	(1.58)	77.35	0.45
Total tax expense	437.72	3.55	536.94	4.80	636.87	3.49	810.79	4.75
Net Profit from ordinary activities after tax	981.63	7.97	939.27	8.40	1,346.48	7.38	1,589.47	9.30
Minority Interest	8.76	0.07	-	-	1.72	0.01	-	-
Net Profit after taxes and minority interest	972.87	7.90	939.27	8.40	1,344.76	7.37	1,589.47	9.30

NINE MONTHS ENDED DECEMBER 31, 2017 COMPARED TO NINE MONTHS ENDED DECEMBER 31, 2016

Revenue

Total revenue (net) decreased by 6.42% from ₹ 18,255.63 million in the nine months ended December 31, 2016 to ₹ 17,083.99 million in the nine months ended December 31, 2017, primarily attributable to a decrease in our revenue from operations.

Revenue from operations

Revenue from operations decreased by 6.97% from ₹ 17,849.34 million in the nine months ended December 31, 2016 to ₹ 16,604.52 million in the nine months ended December 31, 2017, primarily due to a decrease in average AUM.

Operating result from general insurance business

Operating result from general insruance business increased from ₹ (4.09) million in the nine months ended December 31, 2016 to ₹ 6.74 million in the nine months ended December 31, 2017, primarily due increase in reinsurance commission as result of the change in reinsurance programs and higher investment income on higher investment portfolio in the current year partly compensated by higher claim cost and operating expenses.

Other income

Other income increased by 15.19% from ₹ 410.38 million in the nine months ended December 31, 2016 to ₹ 472.73 million in the nine months ended December 31, 2017, primarily due to improved bad debts recovery, higher commission income and gain on sale of operating lease assets.

Segment Revenue

The following table sets forth certain information relating to our revenue from our buisness segments in the nine months ended December 31, 2016 and December 31, 2017:

Segment Revenue	Nine Months ended December 31,			
	2016		2017	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(Unaudited)			
	(₹ million)	(%)	(₹ million)	(%)
Finance and mortgages	18,127.41	99.30	16,968.15	99.32
General insurance	24.92	0.14	26.27	0.15
Others	103.30	0.56	89.57	0.53
Total Revenue	**18,255.63**	**100.00**	**17,083.99**	**100.00**

Revenue from finance and mortgages decreased by 6.40% from ₹ 18,127.41 million in the nine months ended December 31, 2016 to ₹ 16,968.15 million in the nine months ended December 31, 2017, primarily due to decrease in average AUM. Revenue from this segment represented 99.30% and 99.32% of our total revenue in the nine months ended December 31, 2016 and the nine months ended December 31, 2017, respectively.

Revenue from general insurance increased by 5.42% from ₹ 24.92 million in the nine months ended December 31, 2016 to ₹ 26.27 million in the nine months ended December 31, 2017, primarily due to increase in reinsurance commission as result of the change in reinsurance programs and higher investment income on higher investment portfolio in the current year partly compensated by higher claim cost and operating expenses. Revenue from this segment represented 0.14% of our total revenue in the nine months ended December 31, 2016 and 0.15% in the nine months ended December 31, 2017.

Revenue from other business segments comrising windmill and other allied activities, decreased by 13.29% from ₹ 103.30 million in the nine months ended December 31, 2016 to ₹ 89.57 million in the nine months ended December 31, 2017, primarily due to decrease in revenue from other allied activities. Revenue from this segment represented 0.56% of our total revenue in the nine months ended December 31, 2016 and 0.53% in the nine months ended December 31, 2017.

Expenses

Total expenses decreased by 9.76% from ₹ 16,272.28 million in the nine months ended December 31, 2016 to ₹ 14,683.73 million in the nine months ended December 31, 2017, primarily attributable to an decrease in finance costs.

Employee benefits expenses

Employee benefits expenses increased by 20.08% from ₹ 2,268.77 million in the nine months ended December 31, 2016 to ₹ 2,724.55 million in the nine months ended December 31, 2017. This was primarily due to increase in employee count and higher outsourced manpower cost.

Finance costs

Finance costs decreased by 20.68% from ₹ 8,685.36 million in the nine months ended December 31, 2016 to ₹ 6,889.48 million in the nine months ended December 31, 2017. This was primarily due to a decrease in cost of borrowings and lower average utilization of borrowings.

Depreciation and amortization expenses

Depreciation and amortization expenses marginally increased by 0.55% from ₹ 362.03 million in the nine months ended December 31, 2016 to ₹ 364.02 million in the nine months ended December 31, 2017, primarily due to higher capitalization of assets.

Provisions and bad debts written-off

Provisions and bad debts written-off decreased by 6.77% from ₹ 2,875.76 million in the nine months ended December 31, 2016 to ₹ 2,681.04 million in the nine months ended December 31, 2017, primarily due to higher collections and roll back of cases from sub-standard to standard.

Brokerage and commission

Brokerage and commission decreased by 13.33% from ₹ 827.59 million in the nine months ended December 31, 2016 to ₹ 717.24 million in the nine months ended December 31, 2017, primarily due to lower indirect disbursement.

Other expenses

Other expenses increased by 4.36% from ₹ 1,252.77 million in the nine months ended December 31, 2016 to ₹ 1,307.40 million in the nine months ended December 31, 2017, primarily attributable to increase in collection cost.

Tax expenses

Tax expenses comprise current tax and deferred tax. Our tax expense increased by 27.31% from ₹ 636.87 million in the nine months ended December 31, 2016 to ₹ 810.79 million in the nine months ended December 31, 2017 due to increase in profit from ordinary activities before tax by 21.02% from ₹ 1,983.35 million in the nine months ended December 31, 2016 to ₹ 2,400.26 million in the nine months ended December 31, 2017.

Net profit for the nine months ended December 31, 2017

For the reasons discussed above, net profit after taxes and minority intersts for the nine months ended December 31, 2017 increased by 18.20% from ₹ 1,344.76 million in the nine months ended December 31, 2016 to ₹ 1,589.47 million in the nine months ended December 31, 2017.

SIX MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO SIX MONTHS ENDED SEPTEMBER 30, 2016

Revenue

Total revenue (net) decreased by 9.22% from ₹ 12,314.39 million in the six months ended September 30, 2016 to ₹ 11,179.57 million in the six months ended September 30, 2017, primarily attributable to a decrease in our revenue from operations.

Revenue from operations

Revenue from operations decreased by 10.30% from ₹ 12,046.21 million in the six months ended September 30, 2016 to ₹ 10,805.19 million in the six months ended September 30, 2017, primarily due to a decrease in revenue from finances and mortgages by 9.20% from ₹ 12,216.04 million in the six months ended September 30, 2016 to ₹ 11,092.06 million in the six months ended September 30, 2017.

Operating result from general insurance business

Operating result from general insruance business increased by 103.49% from ₹ (7.17) million in the six months ended September 30, 2016 to ₹ 0.25 million in the six months ended September 30, 2017, primarily due to increase in reinsurance commission as result of the change in reinsurance programs and higher investment income on higher investment portfolio in the current year partly compensated by higher claim cost and operating expenses.

Other income

Other income increased by 35.87% from ₹ 275.36 million in the six months ended September 30, 2016 to ₹ 374.13

million in the six months ended September 30, 2017, primarily due to higher miscellaneous income and gain on sale of operating lease assets.

Segment Revenue

The following table sets forth certain information relating to our revenue from our buisness segments in the six months ended September 30, 2016 and September 30, 2017:

Segment Revenue	Six Months ended September 30,			
	2016		2017	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(Unaudited)			
	(₹ million)	(%)	(₹ million)	(%)
Finance and mortgages	12,216.04	99.20	11,092.06	99.22
General insurance	11.53	0.09	13.61	0.12
Others	86.83	0.71	73.90	0.66
Total Revenue	**12,314.39**	100.00	**11,179.57**	100.00

Revenue from finance and mortgages decreased by 9.20% from ₹ 12,216.04 million in the six months ended September 30, 2016 to ₹ 11,092.06 million in the six months ended September 30, 2017, primarily due to lower average AUM. Revenue from this segment represented 99.20% and 99.22% of our total revenue in the six months ended September 30, 2016 and the six months ended September 30, 2017, respectively.

Revenue from general insruance marginally increased by 18.04% from ₹ 11.53 million in the six months ended September 30, 2016 to ₹ 13.61 million in the six months ended September 30, 2017, primarily due to increase in reinsurance commission as result of the change in reinsurance programs and higher investment income on higher investment portfolio in the current year partly compensated by higher claim cost and operating expenses. Revenue from this segment represented 0.09% and 0.12% of our total revenue in the six months ended September 30, 2016 and the six months ended September 30, 2017, respectively.

Revenue from other business segments comrising windmill and other allied activities, decreased by 14.89% from ₹ 86.83 million in the six months ended September 30, 2016 to ₹ 73.90 million in the six months ended September 30, 2017, primarily due to decrease in revenue from other allied activities. Revenue from this segment represented 0.71% of our total revenue in the six months ended September 30, 2016 and 0.66% in the six months ended September 30, 2017.

Expenses

Total expenses decreased by 10.94% from ₹ 10,895.04 million in the six months ended September 30, 2016 to ₹ 9,703.37 million in the six months ended September 30, 2017, primarily attributable to an decrease in finance costs.

Employee benefits expenses

Employee benefits expenses increased by 18.42% from ₹ 1,500.21 million in the six months ended September 30, 2016 to ₹ 1,776.60 million in the six months ended September 30, 2017. This was primarily due to higher employee count and outsourced manpower cost.

Finance Costs

Finance costs decreased by 21.48% from ₹ 5,963.78 million in the six months ended September 30, 2016 to ₹ 4,682.79 million in the six months ended September 30, 2017. This was primarily due to a decrease in cost of borrowings and lower average utilisation.

Depreciation and amortization expenses

Depreciation and amortization expenses increased by 8.97% from ₹ 225.28 million in the six months ended September 30, 2016 to ₹ 245.49 million in the six months ended September 30, 2017, primarily due to higher capitalization of assets.

Provisions and bad debts written-off

Provisions and bad debts written-off decreased by 9.06% from ₹ 1,828.65 million in the six months ended September 30, 2016 to ₹ 1,663.03 million in the six months ended September 30, 2017, primarily due to higher collections and roll back of cases from sub-standard to standard.

Brokerage and commission

Brokerage and commission decreased by 15.80% from ₹ 558.55 million in the six months ended September 30, 2016 to ₹ 470.28 million in the six months ended September 30, 2017, primarily due to lower indirect disbursement.

Other expenses

Other expenses increased by 5.70% from ₹ 818.57 million in the six months ended September 30, 2016 to ₹ 865.19 million in the six months ended September 30, 2017, primarily attributable to increase in higher collection cost.

Tax Expenses

Tax expenses comprise current tax and deferred tax. Our tax expense increased by 22.67% from ₹ 437.72 million in the six months ended September 30, 2016 to ₹ 536.94 million in the six months ended September 30, 2017 due to increase in profit from ordinary activities before tax by 4.01% from ₹ 1,419.35 million in the six months ended September 30, 2016 to ₹ 1,476.20 million in the six months ended September 30, 2017.

Net Profit for the Six Months ended September 30, 2017

For the reasons discussed above, net profit after taxes and minority intersts for the six months ended Septmeber 30, 2017 decreased by 3.45% from ₹ 972.87 million in the six months ended September 30, 2016 to ₹ 939.27 million in the six months ended September 30, 2017.

FISCAL 2017 COMPARED TO FISCAL 2016

Revenue

Total revenue decreased by 4.26% from ₹ 25,063.31 million in Fiscal 2016 to ₹ 23,994.52 million in Fiscal 2017, primarily attributable to a decrease in our revenue from operations.

Revenue from Operations

Revenue from operations decreased by 5.33% from ₹ 24,777.73 million in Fiscal 2016 to ₹ 23,456.20 million in Fiscal 2017, primarily attributable to a decrease in interest on assets on finance. Interest on assets on finance decreased by 7.25% from ₹ 22,744.57 million in Fiscal 2016 to ₹ 21,096.32 million in Fiscal 2017, resulting from a decrease in average AUM. In addition, our other financial income, including, lease rentals, collection and support services, foreclosure charges, income on non-convetible debenture and management fees, decreased by 21.77% from ₹1,381.89 million in Fiscal 2016 to ₹ 1,081.02 million in Fiscal 2017, resulting from a decrease in collection and support services and income on non-convertible debentures.

Operating result from General Insurance Business

Operating result from General Insurance Business increased by 79.47% from ₹ (55.78) million in Fiscal 2016 to ₹ (11.45) million in Fiscal 2017, primarily due to increase in reinsurance commission as result of the change in reinsurance programs, higher investment income on higher investment portfolio, lower claim cost in the current year partly compensated by higher operating expenses.

Other Income

Other income increased by 61.06% from ₹ 341.35 million in Fiscal 2016 to ₹ 549.77 million in Fiscal 2017, primarily attributable to an increase in bad debt recoveries from ₹ 153.07 million in Fiscal 2016 to ₹ 259.39 million in Fiscal 2017 and incease in commission income from nil in Fiscal 2016 to ₹ 67.35 million in Fiscal 2017. This increase was partially offset by a decrease in insurance commision by 23.28% from ₹ 62.68 million in Fiscal

2016 to ₹ 48.09 million in Fiscal 2017. In addition, share of joint venture increased by 36.62% from ₹ 6.09 million in Fiscal 2016 to ₹ 8.32 million in Fiscal 2017.

Segment Revenue

The following table sets forth certain information relating to our revenue from our principal business segments in Fiscal 2016 and Fiscal 2017:

Segment Revenue	Year ended March 31,			
	2016		2017	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(Unaudited)			
	(₹ million)	(%)	(₹ million)	(%)
Finance and mortgages	24,952.43	99.56	23,835.44	99.34
General insurance	(23.22)	(0.09)	36.11	0.15
Others	134.10	0.53	122.97	0.51
Total Revenue	**25,063.31**	100.00	**23,994.52**	100.00

Revenue from finances and mortgages decreased by 4.48% from ₹ 24,952.43 million in Fiscal 2016 to ₹ 23,835.44 million in Fiscal 2017, primarily due to lower average AUM. Revenue from finances and mortgages represented 99.56% and 99.34% of our total revenue in Fiscal 2016 and Fiscal 2017, respectively.

Revenue from general insurance increased from ₹ (23.22) million in Fiscal 2016 to ₹ 36.11 million in Fiscal 2017, primarily due to increase in reinsurance commission as result of the change in reinsurance programs, higher investment income on higher investment portfolio, lower claim cost in the current year partly compensated by higher operating expenses. Revenue from this segment represented (0.09)% and 0.15% of our total revenue in Fiscal 2016 and Fiscal 2017, respectively.

Other revenue, comprising windmill and other allied activities, decreased by 8.30% from ₹ 134.10 million in Fiscal 2016 to ₹ 122.97 million in Fiscal 2017, primarily due to decrease in revenue from other allied activities. Revenue from this segment represented 0.53% and 0.51% of our total revenue in Fiscal 2016 and Fiscal 2017, respectively.

Expenses

Total expenses increased by 6.91% from ₹ 22,005.09 million in Fiscal 2016 to ₹ 23,526.60 million in Fiscal 2017, primarily attributable to an increase in provisions and bad debts written-off.

Employee benefits expenses

Employee benefits expenses decreased by 7.53% from ₹ 3,172.17 million in Fiscal 2016 to ₹ 2,933.20 million in Fiscal 2017. This was primarily due to a 7.88% decrease in salaries and wages from ₹ 2,904.82 million in Fiscal 2016 to ₹ 2,675.80 million in Fiscal 2017, resulting from fewer full-time and outsourced employees.

Finance costs

Finance costs decreased by 5.55% from ₹ 11,915.96 million in Fiscal 2016 to ₹ 11,254.45 million in Fiscal 2017 resulting primarily from a decrease in interest expense on debentures by 24.70% from ₹ 2,649.28 million in Fiscal 2016 to ₹ 1,994.88 million in Fiscal 2017 and decrease in discount on commercial papers by 29.02% from ₹ 1,745.27 million in Fiscal 2016 to ₹ 1,238.74 million in Fiscal 2017. This was partially offset by an increase in interest expense on term loans by 16.91% from ₹ 2,643.28 million in Fiscal 2016 to ₹ 3,090.28 million in Fiscal 2017.

Depreciation and amortization expenses

Depreciation and amortization expenses increased by 22.84% from ₹ 394.84 million in Fiscal 2016 to ₹ 485.01 million in Fiscal 2017, resulting from charging-off of intangible assets.

Provisions and bad debts written-off

Provisions and bad debts written-off significantly increased by 61.84% from ₹ 3,749.76 million in Fiscal 2016 to ₹ 6,068.60 million in Fiscal 2017, resulting primarily from net loss on sale of non-performing assets (net of reversals of provision on sale of non-performing assets ₹ 3,068.90 million) from nil in Fiscal 2016 to ₹ 2,114.67 million in Fiscal 2017. This was partially offset by decline in bad debt written off by 17.95% from ₹ 2,575.20 million in Fiscal 2016 to ₹ 2,113.00 million in Fiscal 2017.

Other expenses

Other expenses marginally increased by 0.47% from ₹ 2,772.36 million in Fiscal 2016 to ₹ 2,785.35 million in Fiscal 2017, primarily attributable to an increase in miscellenous expenses and capital work in progress written-off. Miscellenous expenses increased by 36.38% from ₹ 203.48 million in Fiscal 2016 to ₹ 277.50 million in Fiscal 2017, resulting from an increase in higher collection cost. Legal charges increased from ₹ 185.55 million in Fiscal 2016 to ₹ 209.71 million in Fiscal 2017. Capital work in progress written-off increased from nil in Fiscal 2016 to ₹ 69.01 million in Fiscal 2017, due to charge off of intangible assets. This increase was offset by decrease by 8.79% in brokerage and commission from ₹ 1,225.57 million in Fiscal 2016 to ₹ 1,117.83 million in Fiscal 2017.

Tax expenses

Our tax expense significantly decreased by 63.12% from ₹ 923.44 million in Fiscal 2016 to ₹ 340.59 million in Fiscal 2017, primarily attributable to a significant decrease in current tax (current year) by 88.11% from ₹ 1,378.07 million in Fiscal 2016 to ₹ 163.83 million in Fiscal 2017 due to lower profit before tax on account of loss on sale of NPAs. In addition, deferred tax increased from ₹ (474.63) million in Fiscal 2016 to ₹ 190.58 milion in Fiscal 2017.

Profit after tax

For the reasons discussed above including loss on sale of NPAs and impact on profit after tax of ₹1,452.69 million, profit after tax significantly decreased by 94.04% from ₹ 2,134.79 million in Fiscal 2016 to ₹ 127.32 million in Fiscal 2017. Consequently Profit after tax taking into account profit after minority interest also signficantly decreased by 90.32% from ₹ 2,113.77 million in Fiscal 2016 to ₹ 204.53 million in Fiscal 2017.

FISCAL 2016 COMPARED TO FISCAL 2015

Revenue

Total revenue increased by 5.04% from ₹ 23,859.80 million in Fiscal 2015 to ₹ 25,063.31 million in Fiscal 2016, primarily attributable to an increase in our revenue from operations.

Revenue from operations

Revenue from operations increased by 5.22% from ₹ 23,547.79 million in Fiscal 2015 to ₹ 24,777.73 million in Fiscal 2016, primarily attributable to an increase in interest on assets on finance. Interest on assets on finance increased by 12.01% from ₹ 20,306.30 million in Fiscal 2015 to ₹ 22,744.57 million in Fiscal 2016, resulting from an increase in On-book earnings. This increase was significantly offset by interest on securitisation and assignment of loans which decreased by 82.74% from ₹ 1,152.33 million in Fiscal 2015 to ₹ 198.85 million in Fiscal 2016. Other financial income, including, lease rentals, collection and support services, foreclosure charges, income on non-convetible debenture and management fees, marginally decreased by 0.21% from ₹ 1,384.82 million in Fiscal 2015 to ₹ 1,381.89 million in Fiscal 2016, resulting from a signficant decrease in collection and support services by 52.75% from ₹ 801.45 million in Fiscal 2015 to ₹ 378.68 million in Fiscal 2016. This was partially offset by increase in income from non-convertible debentures from nil in Fiscal 2015 to ₹ 220.00 million in Fiscal 2016.

Operating result from general insurance business

Operating result from general insurance business decreased from ₹ (11.49) million in Fiscal 2015 to ₹ (55.78) million in Fiscal 2016, primarily due to decrease in premium income, higher operating expenses partly compensated by net commission expenses. Operating expense marginally increased from ₹ 1,736.55 million in Fiscal 2015 to ₹ 1,774.58 million in Fiscal 2016 primarily due to an increase in operating expenses related to insruance business by 11.62% from ₹ 447.92 million in Fiscal 2015 to ₹ 499.96 million in Fiscal 2016. The increase in operating expense was offset by a significant decrease in commision (net) by 84.12% from ₹ 28.02 million in Fiscal 2015 to ₹ 4.45 million in Fiscal 2016. In addition, premium income decreased from ₹ 1,725.06 million in Fiscal 2015 to ₹ 1,718.80 million in Fiscal 2016 due to a decrease in premiums earned (net) by 1.42% from ₹ 1,501.24 million in Fiscal 2015 to ₹ 1,479.97 million in Fiscal 2016.

Other income

Other income increased by 5.52% from ₹ 323.49 million in Fiscal 2016 to ₹ 341.35 million in Fiscal 2016, primarily attributable to an increase in bad debt recoveries by 23.07% from ₹ 124.38 million in Fiscal 2015 to ₹ 153.07 million in Fiscal 2016.

Segment Revenue

The following table sets forth certain information relating to our revenue from our principal business segments in Fiscal 2015 and Fiscal 2016:

<table>
<tr><th rowspan="5">Segment Revenue</th><th colspan="4">Year ended March 31,</th></tr>
<tr><th colspan="2">2015</th><th colspan="2">2016</th></tr>
<tr><th>Amount</th><th>Percentage of total revenue</th><th>Amount</th><th>Percentage of total revenue</th></tr>
<tr><th colspan="4">(Unaudited)</th></tr>
<tr><th>(₹ million)</th><th>(%)</th><th>(₹ million)</th><th>(%)</th></tr>
<tr><td>Finance and mortgages</td><td>23,688.76</td><td>99.28</td><td>24,952.43</td><td>99.56</td></tr>
<tr><td>General insurance</td><td>32.16</td><td>0.13</td><td>(23.22)</td><td>(0.09)</td></tr>
<tr><td>Others</td><td>138.88</td><td>0.59</td><td>134.10</td><td>0.53</td></tr>
<tr><td>Total Revenue</td><td>23,859.80</td><td>100.00</td><td>25,063.31</td><td>100.00</td></tr>
</table>

Revenue from finances and mortgages increased by 5.33% from ₹ 23,688.76 million in Fiscal 2015 to ₹ 24,952.43 million in Fiscal 2016, primarily due to increase in average earning book. Revenue from finances and mortgages represented 99.28% and 99.56% of our total revenue in Fiscal 2015 and Fiscal 2016, respectively.

Revenue from general insurance decreased from ₹ 32.16 million in Fiscal 2015 to ₹ (23.22) million in Fiscal 2016, primarily due to decrease in premium income, higher operating expenses partly compensated by lower claim cost and net commission expenses. Revenue from this segment represented 0.13% and (0.09)% of our total revenue in Fiscal 2015 and Fiscal 2016, respectively.

Revenue from other revenue, comprising windmill and other allied activities, decreased by 3.44% from ₹ 138.88 million in Fiscal 2015 to ₹ 134.10 million in Fiscal 2016, primarily due to decrease in revenue from allied activities. Revenue from this segment represented 0.59% and 0.53% of our total revenue in Fiscal 2015 and Fiscal 2016, respectively.

Expenses

Total expenses increased by 1.76% from ₹ 21,624.90 million in Fiscal 2015 to ₹ 22,005.09 million in Fiscal 2016, primarily attributable to an increase in provisions and bad debts written-off.

Employee benefits expenses

Employee benefits expenses decreased by 12.33% from ₹ 3,618.20 million in Fiscal 2015 to ₹ 3,172.17 million in Fiscal 2016. This was primarily due to a 13.62% decrease in salaries and wages from ₹ 3,362.82 million in Fiscal 2015 to ₹ 2,904.82 million in Fiscal 2016, resulting from lower manpower count.

Finance costs

Finance costs decreased by 3.35% from ₹ 12,329.36 million in Fiscal 2015 to ₹ 11,915.96 million in Fiscal 2016 resulting from a decrease in interest expense on debentures by 19.71% from ₹ 3,299.69 million in Fiscal 2015 to ₹ 2,649.28 million in Fiscal 2016. This decrease was partially offset by an increase in interest expense on term loans by 5.46% from ₹ 2,506.46 million in Fiscal 2015 to ₹ 2,643.28 million in Fiscal 2016.

Depreciation and amortization expenses

Depreciation and amortization expenses increased by 14.22% from ₹ 345.69 million in Fiscal 2015 to ₹ 394.84 million in Fiscal 2016, resulting from higher capitalization of assets.

Provisions and bad debts written-off

Provisions and bad debts written-off signficantly increased by 53.45% from ₹ 2,443.64 million in Fiscal 2015 to ₹ 3,749.76 million in Fiscal 2016, resulting primarily from an increase in bad debts written-off from ₹ 1,695.70 million in Fiscal 2015 to ₹ 2,575.20 million in Fiscal 2016 and signficant increase in provision for non-performing asets from ₹ 689.94 million in Fiscal 2015 to ₹ 1,163.56 million in Fiscal 2016 .

Other expenses

Other expenses marginally decreased by 4.00% from ₹ 2,888.01 million in Fiscal 2015 to ₹ 2,772.36 million in Fiscal 2016, primarily attributable to a decrease in miscellenous expenses and brokerage and commision. Miscellenous expenses, decreased by 33.18% from ₹ 304.53 million in Fiscal 2015 to ₹ 203.48 million in Fiscal 2016, resulting from a decrease in collection cost.

Tax expenses

Our tax expense significantly increased by 154.92% from ₹ 362.24 million in Fiscal 2015 to ₹ 923.44 million in Fiscal 2016, primarily attributable to a significant increase in current tax (current year) from ₹ 550.63 million in Fiscal 2015 to ₹ 1,378.07 million in Fiscal 2016 due to reduction in securitization distribution tax. In addition, deferred tax decreased from ₹ (191.48) million in Fiscal 2015 to ₹ (452.46) million in Fiscal 2016.

Profit after tax

For the reasons discussed above, profit after tax increased by 14.00% from ₹ 1,872.66 million in Fiscal 2015 to ₹ 2,134.79 million in Fiscal 2016. Profit after tax taking into account profit after minority interest also increased by 17.00% from ₹ 1,806.67 million in Fiscal 2015 to ₹ 2,113.77 million in Fiscal 2016.

FINANCIAL CONDITION

Assets

The following table sets forth the principal components of our assets as of the dates specified:

	As of March 31,		
	2015	**2016**	**2017**
	(Audited)		
	(₹ million)		
Non-Current Assets			
Fixed assets			
- Tangible assets	1,731.53	1,748.35	1,847.29
- Intangible assets	243.53	293.81	317.96
- Goodwill on consolidation	143.03	612.00	612.00
- Capital work-in-progress	87.52	130.43	75.35
Total Fixed Assets	**2,205.62**	**2,784.59**	**2,852.59**
Non-current investments	3,079.65	3,241.52	4,729.29
Deferred tax assets (net)	-	388.02	197.43
Long-term loans and advances			
- Assets on finance	90,996.49	94,954.33	78,243.69
- Others	232.68	167.30	983.09
Other non-current assets	1,361.34	1,349.18	1,976.16
Total Non-Current Assets	**97,875.77**	**102,884.93**	**88,982.26**
Current Assets			
Current Investments	1,058.17	755.26	735.61

	As of March 31,		
	2015	2016	2017
	(Audited)		
	(₹ million)		
Trade recievables	75.49	70.53	67.49
Cash and bank balances	6,268.31	4,083.85	3,533.10
Short-term loans and advances			
- Assets on finance	41,517.71	45,586.19	40,761.68
- Others	765.19	633.19	635.94
Other current assets	1,264.16	1,231.24	1,236.06
Total Current Assets	**50,949.03**	**52,360.25**	**46,969.88**
Total	**148,824.80**	**155,245.19**	**135,952.14**

	As of September 30, 2017	As of December 31, 2017
	(Unaudited)	
	(₹ million)	
Non-Current Assets		
Property, plant and equipment	**2,719.43**	**2,229.08**
Non-current investments	**5,103.33**	**5,271.26**
Deferred tax assets (net)	190.91	120.11
Long-term loans and advances	75,419.14	78,876.28
Other non-current assets	1,592.86	1,323.45
Total Non-Current Assets	**85,025.68**	**87,820.17**
Current Assets		
Current Investments	1,055.83	1,184.18
Trade recievables	110.55	67.13
Cash and bank balances	4,276.76	4,314.98
Short-term loans and advances	38,534.97	39,220.55
Other current assets	1,117.23	1,062.96
Total Current Assets	**45,095.34**	**45,849.80**
Total	**130,121.02**	**133,669.97**

Total assets decreased by 1.68% from ₹ 135,952.14 million as of March 31, 2017 to ₹ 133,669.97 million as of December 31, 2017. The decreased was primarily due to a decreased in long-term loans and advances by 0.44% from ₹ 79,226.78 million as of March 31, 2017 to ₹ 78,876.28 million as of December 31, 2017 and short-term loans and advances by 5.26% from ₹ 41,397.62 million as of March 31, 2017 to ₹ 39,220.55 million as of December 31, 2017. The decreased in long-term and short-term loans and advances was due to lower disbursement, higher repayments and lower on-book advances.

Total assets decreased by 4.29% from ₹ 135,952.14 million as of March 31, 2017 to ₹ 130,121.02 million as of September 30, 2017. The decrease was primarily due to a decrease in long-term loans and advances by 4.81% from ₹ 79,226.78 million as of March 31, 2017 to ₹ 75,419.14 million as of September 30, 2017 and short-term loans and advances by 6.92% from ₹ 41,397.62 million as of March 31, 2017 to ₹ 38,534.97 million as of September 30, 2017. The decrease in long-term and short-term loans and advances was due to higher repayments than disbursements.

Total assets significantly decreased by 12.43% from ₹ 155,245.19 million as of March 31, 2016 to ₹ 135,952.14 million as of March 31, 2017. The decrease was largely due to a significant decrease in long-term loans and advances by 16.71% from ₹ 95,121.63 million as of March 31, 2016 to ₹ 79,226.78 million as of March 31, 2017, and decrease in short-term loans and advances by 10.43% from ₹ 46,219.38 million as of March 31, 2016 to ₹ 41,397.62 million as of March 31, 2017. The decrease in long-term and short-term loans and advances was due to lower disbursements and sale of NPAs.

Total assets increased by 4.31% from ₹ 148,824.80 million as of March 31, 2015 to ₹ 155,245.19 million as of March 31, 2016. The increase was largely due to an increase in long-term loans and advances by 4.27% from ₹ 91,229.17 million as of March 31, 2015 to ₹ 95,121.63 million as of March 31, 2016 and short-term loans and advances by 9.31% from ₹ 42,282.90 million as of March 31, 2015 to ₹ 46,219.38 million as of March 31, 2016.

Liabilities

The following table sets forth the principal components of our liabilities as of the dates specified:

	As of March 31,		
	2015	2016	2017
	(Audited)		
	(₹ million)		
Non-Current Liabilities			
Long-Term Borrowings	35,686.21	33,131.62	31,092.94
Deferred Tax Liabilities (net)	71.20	-	-
Long-Term Provisions	2,325.99	3,491.92	2,258.75
Total Non-Current Liabilities	**38,083.41**	**36,623.54**	**33,351.69**
Current Liabilities			
Short-Term Borrowings	63,295.47	70,045.56	54,802.30
Trade Payables			
- Due to micro and small enterprises	-	-	-
- Due to others	2,254.02	1,833.51	1,976.01
Other Current Liabilities	25,672.47	23,366.39	22,868.48
Short-Term Provisions	1,246.52	1,314.03	890.37
Total Current Liabilities	**92,468.48**	**96,559.48**	**80,537.15**
Total	**148,824.80**	**155,245.19**	**135,952.14**

	As of September 30, 2017	As of December 31, 2017
	(Unaudited)	
	(₹ million)	
Non-Current Liabilities		
Long-Term Borrowings	29,643.81	27,233.26
Long-Term Provisions	2,953.42	3,261.75
Total Non-Current Liabilities	**32,597.24**	**30,495.01**
Current Liabilities		
Short-Term Borrowings	52,836.03	56,774.17
Trade Payables	2,274.31	3,113.19
Other Current Liabilities	18,909.87	19,619.26
Short-Term Provisions	1,068.69	1,052.73
Total Current Liabilities	**75,088.90**	**80,559.34**
Total	**130,121.02**	**111,054.35**

Total liabilities decreased by 18.31% from ₹ 135,952.14 million as of March 31, 2017 to ₹ 111,054.35 million as of December 31, 2017. The decreased was primarily due to repayments of long term borrowings.

Total liabilities decreased by 4.29% from ₹ 135,952.14 million as of March 31, 2017 to ₹ 130,121.02 million as of September 30, 2017. The decrease was primarily due to a decrease in other current liabilities, long-term and short-term borrowings on account of lower utilization of borrowed funds and higher securitization.

Total liabilities decreased by 12.43% from ₹ 155,245.19 million as of March 31, 2016 to ₹ 135,952.14 million as of March 31, 2017. The decrease was primarily due to an decrease in short-term and long-term borrowings due to lower utilization of borrowed funds and higher securitization.

Total liabilities increased by 4.31% from ₹ 148,824.80 million as of March 31, 2015 to ₹ 155,245.19 million as of March 31, 2016. The increase was primarily due to an increase in short-term borrowings due to increase in cash credit utilization.

Shareholders' Funds

Shareholders' funds comprise share capital and reserves and surplus, fair value change account and minority interests. The following table sets out the shareholders' funds as of the dates indicated:

	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	(Audited)			(Unaudited)	
	(₹ million)				
Share Capital	1,706.45	603.68	473.92	473.95	473.95
Reserves and Surplus	16,168.19	21,039.15	21,247.26	21,960.49	22,141.30
Fair value change account	0.13	0.18	0.16	0.45	0.37
Shareholders' Funds	**17,874.77**	**21,643.00**	**21,721.34**	**22,434.89**	**22,615.62**
Minority Interest	398.15	419.16	341.96	-	-

As of December 31, 2017, shareholders' funds were ₹ 22,615.62 million, representing 16.92% of our total assets while they were ₹ 22,434.89 million as of September 30, 2017, representing 17.24% of our total assets. As of March 31, 2017, shareholders' funds were ₹ 21,721.34 million, representing 15.98% of our total assets. As of March 31, 2016, shareholders' funds were ₹ 21,643.00 million, representing 13.94% of our total assets. As of March 31, 2015, shareholders' funds were ₹ 17,874.77 million, representing 12.01% of our total assets.

LIQUIDITY AND CAPITAL RESOURCES

We have funded our liquidity and capital requirements through shareholder capital and funds generated from operations, non-convertible debentures, commercial papers and bank borrowings. We also undertake the securitization and assignment of loan receivables to generate additional funds.

Our borrowings by investor profile and instruments, as of the dates indicated, are set out below:

Instrument Type	As of September 30, 2017		As of December 31, 2017	
	Amount	Percent of Total	Amount	Percent of Total
	(₹ in million)	(%)	(₹ in million)	(%)
Non-convertible Debentures	12,921.00	13.87%	12,594.00	13.30%
Bank Loans	26,665.23	28.63%	24,955.14	26.35%
Term Loan from Financial Institutions	710.66	0.76%	379.68	0.40%
Commercial Paper	6,775.36	7.27%	6,547.97	6.91%
Cash credit and Working Capital	46,060.67	49.46%	50,226.20	53.04%
Total	**93,132.92**	**100.00%**	**94,702.98**	**100.00%**

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities.

Capital to Risk Asset Ratios

The NBFC-SI Master Directions require our Company to maintain a CRAR consisting of Tier I and Tier II capital that is not less than 15% of their aggregate risk-weighted assets. The total Tier I capital, at any point is required to be at least 10.00% with effect from March 31, 2017. Our Company's capital risk to asset ratio as of March 31, 2015, 2016 and 2017 and as of September 30, 2017 and December 31, 2017, was 16.30%, 18.72%, 20.37%, 20.26% and 20.28%, respectively.

Our Company's capital adequacy information as of March 31, 2015, 2016 and 2017 and as of September 30, 2017 and December 31, 2017, is follows:

	As of March 31,			As of September 30, 2017	As of December 31, 2017
	2015	2016	2017		
	(Audited)			(Unaudited)	
	(₹ million, except ratios and percentages)				
Tier I Capital	13,244.82	17,709.91	16,326.24	16,248.99	16,984.56
Tier II Capital	6,226.05	4,994.54	5,258.35	4,353.52	4,254.12
Total Capital	**19,470.87**	**22,704.45**	**21,584.58**	**20,602.52**	**21,238.69**
Total Risk Weighted Assets	**119,457.76**	**121,287.72**	**105,986.59**	**101,672.56**	**104,713.92**
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	11.09%	14.60%	15.40%	15.98%	16.22%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	5.21%	4.12%	4.96%	4.28%	4.06%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	**16.30%**	**18.72%**	**20.37%**	**20.26%**	**20.28%**

Cash Flows

The following table sets forth certain information relating to our cash flows in the periods indicated:

	Fiscal		
	2015	2016	2017
	(Audited)		
	(₹ million)		
Net cash flow from/ (used in) operating activities	(3,047.52)	7,328.15	29,486.45
Net cash flow from/ (used in) investing activities	(360.41)	(2,541.26)	(1,856.52)
Net cash flow from/ (used in) financing activities	1,713.60	(4,982.66)	(28,443.18)
Net increase/ (decrease) in cash and cash equivalents	**(1,694.32)**	**(195.77)**	**(813.24)**

Operating Activities

Net cash generated from operating activities was ₹ 29,486.45 million in Fiscal 2017 on account of repayments of loan customers.Net cash generated from operating activities was ₹7,328.15 million in Fiscal 2016 on account of Operating cash flow adjustments.

Net cash used in operating activities was ₹ 3,047.52 million in Fiscal 2015 on account of disbursements to customers.

Investing Activities

Net cash used in investing activities was ₹ 1,856.52 million in Fiscal 2017, primarily on account of subscription to pass through certificates, security receipts and acquisition of assets capitalized.

Net cash used in investing activities was ₹ 2,541.26 million in Fiscal 2016, primarily on account of acquisition of preference shares of Magma Advisory Services Limited.

Net cash used in investing activities was ₹ 360.41 million in Fiscal 2015, primarily on account of acquisition of assets capitalized.

Financing Activities

Net cash used in financing activities in Fiscal 2017 was ₹ 28,443.18 million, primarily on account of repayment of borrowings and interest thereon.

Net cash used in financing activities in Fiscal 2016 was ₹ 4,982.66 million on account of repayment of borrowings and interest thereon.

Net cash from financing activities in Fiscal 2015 was ₹ 1,713.60 million on account of increase in borrowings.

Cash and Cash Equivalents

Cash and cash equivalents at the end of the year was ₹ (1,694.32) million, ₹ (195.77) million and ₹ (813.24) million in Fiscal 2015, 2016 and 2017, respectively.

Indebtedness

As of December 31, 2017, we had long term borrowings of ₹ 37,928.81 million (including current maturities of long-term borrowings) and short term borrowings of ₹ 56,774.17 million.

The following table sets forth certain information relating to our Company's outstanding indebtedness as of December 31, 2017, and our Company's repayment obligations in the periods indicated:

	As of December 31, 2017 (₹ million)				
	Payment due by period				
	Total	**<1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Borrowed Funds					
- Secured	20,072.70	6,019.09	10,362.98	2,690.63	1,000.00
- Unsecured	10,244.00	1,850.00	1,953.00	3,596.67	2,844.33
Total Long Term Borrowings	**30,316.70**	**7,869.09**	**12,315.98**	**6,287.29**	**3,844.33**
Short Term Borrowings					
- Secured *	45,393.61	45,393.61	-	-	-
- Unsecured	5,553.60	5,553.60	-	-	-
Total Short Term Borrowings	**50,947.21**	**50,947.21**	-	-	-

** Cash credit and working capital demand loan from banks are usually for a period of 1 year and accordingly included in <1 year bucket. As per the prevalent practice, these facilities are renewed on a year-to-year basis and therefore, are revolving in nature.*

The following table sets forth certain information relating to MHFL's outstanding indebtedness as of December 31, 2017, and MHFL's repayment obligations in the periods indicated:

	As of December 31, 2017 (₹ million)				
	Payment due by period				
	Total	**<1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Borrowed Funds					
- Secured	6,993.45	2,650.00	3,427.38	548.21	367.86
- Unsecured	-	-	-	-	-
Total Long Term Borrowings	**6,993.45**	**2,650.00**	**3,427.38**	**548.21**	**367.86**
Short Term Borrowings					
- Secured *	3,957.78	3,957.78	-	-	-
- Unsecured	994.37	994.37	-	-	-
Total Short Term Borrowings	**4,952.15**	**4,952.15**	-	-	-

** Cash credit and working capital demand loan from banks are usually for a period of 1 year and accordingly included in <1 year bucket. As per the prevalent practice, these facilities are renewed on a year-to-year basis and therefore, are revolving in nature.*

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. Specifically, we require consent for change in our capital structure, change in our shareholding pattern and effecting major changes in our management set up.

The category wise borrowings of our Company and Magma Housing Finance Limited are as follows:

Term loans from banks and others: Our term loans from banks and others consist of secured and unsecured term loans and typically have a tenure of over one year. As of December 31, 2017, our Company had aggregate outstanding term loans from banks and others of ₹ 18,772.70 million. MHFL's term loans from banks and others consist of secured term loans and typically have a tenure of over one year. As of December 31, 2017, MHFL had aggregate outstanding term loans from banks and others of ₹ 5,943.45 million.

Non-convertible debentures: We place secured non-convertible debentures with institutional investors, such as banks, mutual funds and insurance companies. As of December 31, 2017, our Company had aggregate outstanding non-convertible debentures of ₹ 2,300.00 million and MHFL had aggregate outstanding non-convertible debentures of ₹ 1,050.00 million.

Commercial paper. We regularly access the commercial paper market to meet our short-term funding requirements. As of December 31, 2017, our Company had aggregate outstanding commercial paper of ₹ 5,553.60 million and MHFL had aggregate outstanding commercial paper of ₹ 994.37 million.

Cash credit: We regularly access short term cash credit facilities provided by banks, which is secured by a hypothecation over our current assets. As of December 31, 2017, our Company had aggregate cash credit of ₹ 21,643.61 million and MHFL had aggregate cash credit of ₹ 1,957.78 million.

Subordinated debt: We regularly issue unsecured subordinated debt that is typically long-term in tenor and considered as a Tier I and Tier II capital for calculation of capital adequacy. As of December 31, 2017, we had aggregate outstanding subordinated debt of ₹ 9,244.00 million.

Short term loans from banks: We source short-term loans from banks. As of December 31, 2017, our Company had aggregate short-term loans from banks outstanding of ₹ 23,750.00 million and MHFL had aggregate short-term loans from banks outstanding of ₹ 2,000.00 million.

Our interest coverage ratio for Fiscal 2015, 2016 and 2017, the six months ended September 30, 2017 and the nine months ended December 31, 2017, was 1.40, 1.59, 1.60, 1.68 and 1.76, respectively.

Commitments and Contingent Liabilities

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, 2015	**As of March 31, 2016**	**As of March 31, 2017**	**As of December 31, 2017**
	(Audited)			**(Unaudited)**
	(₹ million)			
Contingent Liabilities				
Claims against our Company not acknowleged as a debt				
Income tax matters under dispute	1.67	31.99	29.51	27.87
VAT matters under dispute	19.12	24.23	24.05	24.31
Service tax matters under dispute	11.50	11.50	45.25	45.97
Legal cases against our Company *	18.53	32.94	11.63	9.04
Guarantees				
Unexpired bank guarantee	4,392.47	2,454.98	3,052.41	3647.03

	As of March 31, 2015	**As of March 31, 2016**	**As of March 31, 2017**
	(Audited)		
	(₹ million)		
Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for share of joint venture ₹ 20.21 millions (2016: ₹ Nil)	45.49	58.29	107.48
Redemption of preference shares (including premium)	995.04	130.02	-
Undisbursed housing / other loans	932.88	1,030.98	374.72

** 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.*

For further information, see our "***Financial Statements***". Except as disclosed in our Audited Consolidated Financial Statements or elsewhere in this Placement Document, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Contractual Obligations and Commitments

The following table sets forth certain information relating to future payments due under known contractual commitments as of March 31, 2017, aggregated by type of contractual obligation:

Particulars	**As of March 31, 2017**			
	Payment due by period			
	Total	**<1 year**	**1 – 5 years**	**More than 5 years**
	(₹ million)			
Capital commitments	107.48	107.48	-	-
Non-cancellable operating lease obligations	17.14	8.42	8.72	-
Total Contractual Obligations	124.62	115.90	8.72	-

Securitization and Assignment Arrangements

As of March 31, 2015, 2016 and 2017, the six months ended September 30, 2017 and the nine months ended December 31, 2017, off-book assets represented by securitized and assigned assets was at ₹ 62,924.66 million, ₹ 40,843.18 million, ₹ 41,325.30 million, ₹ 39,703.67 million and ₹ 35,694.15 million, respectively.

The following table sets forth information regarding our securitization and assignment activity during Fiscal 2015, 2016 and 2017:

	As of March 31, 2015	**As of March 31, 2016**	**As of March 31, 2017**
Number of SPVs sponsored by the company for securitization transactions	40	31	34
Total amount of securitized assets as per books of the SPVs sponsored by the company *(₹ million)*	25,306.95	13,502.20	25,063.60
Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet:	3,770.37	2,007.82	3,352.68
Off-balance and On-balance sheet exposures			
• First loss *(₹ million)*	2,386.72	1,392.98	2,313.70
• Others *(₹ million)*	1,383.65	614.84	1,038.98

The amount of assigned assets outstanding as per books of MHFL as of December 31, 2017 was ₹ 2,966.07 million. For securitization and assignment norms prescribed by the RBI, see "***Regulations and Policies***" and also see "***Financial Statements***".

Further, our ability to enter into these assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions.

Fixed assets additions

As of December 31, 2017, our fixed assets capitalisation was ₹ 441.50 million while it was ₹ 308.63 million as of September 30, 2017. As at March 31, 2015, 2016 and 2017, our fixed assets capitalisation was ₹ 770.80 million, ₹ 581.77 million and ₹ 659.57 million, respectively. The following table sets forth our fixed assets capitalisation as of December 31, 2017 and September 30, 2017 and as of March 31, 2015, 2016 and 2017:

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017	As of September 30, 2017	As of December 31, 2017
	(₹ million)				
Tangible Assets	520.33	464.60	552.58	255.83	373.03
Intangible Assets	250.47	117.17	106.99	52.80	68.47
Fixed Asset additions	770.80	581.77	659.57	308.63	441.50

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business including remuneration to executive directors and KMPs, issue of securities, rent/ lease charges paid, loans given/ repaid, inter-corporate deposits taken/repaid and expenses paid / received. For further information relating to our related party transactions, see "***Financial Statements***".

CHANGES IN ACCOUNTING POLICIES

Except as disclosed in this Placement Document, there have been no changes in our Company's accounting policies during the last three fiscal years. For further information, see "***Financial Statements***".

AUDITOR OBSERVATIONS AND MATTERS OF EMPHASIS

Restated Consolidated Financial Statements

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 ₹ 408.44 million, 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.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Risk Management Committee, functions in line with the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015. We have implemented and adopted a Risk Management Policy.

To make the current risk management practice more robust and aligned to the industry practice, we have setting up an 'Integrated Risk Management' or IRM framework encompassing both credit risk and the operational risk. The said framework will eventually help manage the various types of credit and non-credit risks through constant monitoring of key parameters within the organization.

Currently, our risk management team uses statistical tools and applications to help benchmark against the best competitive practices of the industry and accordingly align our credit policies for every customer category in accordance with our risk appetite and historical portfolio performance.

Operational Risk

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

Our risk department works closely with external experts to set up an operational risk framework to build up strong safe-guards against perceived operational risks. With the proposed framework in place, we will look towards an automated risk control system which will better manage both policy and processes and help minimize frauds and improve portfolio quality.

Presently we have the implemented the following processes that help minimize operational risks:

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

Asset Liability Risk

Any mismatch in tenures of borrowed and disbursed funds may result in liquidity crisis and thereby impact our ability to service its loans. Thus we look to ensure that there exists nil or minimal mismatch between the tenures of borrowed funds and assets funded. We have maintained appropriate asset liability maturity as regards our tenure and interest rates.

Foreign Exchange Risk

Changes in currency exchange rates influence our results of operations. We may be required to account for foreign exchange differences arising as part of our investments in non-integral foreign operations. As a consequence, we are exposed to currency rate fluctuations between the Indian Rupee and other foreign currencies. Any fluctuation in the value of the Indian Rupee against such currencies may adversely affect our results of operations. Any devaluation of foreign currencies against the Indian Rupee may result in reduction of our margins and consequently have an adverse effect on business and result of operations.

We have marginal exposure to foreign exchange risk, since our disbursements are in rupee terms and also our borrowings are in the nature of domestic rupee debt. Wherever limited foreign exchange exposure exists, we have entered into appropriate currency hedging to adequately cover up the said risk.

Liquidity Risk

Liquidity risk arises due to unavailability of adequate funds at appropriate prices or tenure.

We work towards diversifying our borrowing profile and have a diverse set of institutions from whom we borrow from. These include banks, insurance companies, mutual funds, pension funds, financial and other institutions including corporates. In addition we have established a formidable track record in our access to the securitization/ assignment market. As a matter of prudence and with a view to manage liquidity risk at optimum levels, we maintain suitable levels of unutilized bank limits to effectively mitigate possible contingencies arising out therefrom.

We have in place an Asset Liability Management Committee (ALCO) comprising of members of the Board, which periodically reviews the asset-liability positions, cost of funds and sensitivity of forecasted cash flow over both short and long-term time horizons. It accordingly recommends for corrective measures to bridge the gaps, if any. The ALCO reviews the changes in the economic environment and financial markets and suggests suitable strategies for effective resource management.

People Risk

Some people risks that we focus on include the risks associated with recruitment – inability to find candidates with appropriate qualifications and experience at affordable cost and in the locations we require and cultural misalignment. We are also subject to risks associated with employing people - losing high performers / people in critical roles, lack of timely action against non-performers and ethical and fraud related issues. The risks associated with redeploying or letting people go include termination or job loss due to restructuring of the organization.

Unusual or Infrequent Events or Transactions

Except as described in this Placement Document, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in " ***– Significant Factors Affecting our Results of Operations and Financial Condition"*** and the uncertainties described in "***Risk Factors"***.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in " ***– Significant Factors Affecting our Results of Operations***" and the uncertainties described in "***Risk Factors***". To our knowledge, except as discussed in this Placement Document, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship between Cost and Income

Other than as described in "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***", to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

Segment Reporting

Other than as disclosed in "Note 28" in the Consolidated Financial Statements for segment reporting, we do not follow any other segment reporting.

Significant Dependence on Single or Few Customers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Competition

We operate in a competitive environment. For further information, see "***Our Business***", "***Industry Overview***" and "***Risk Factors***", for further information on our industry and competition.

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2017 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed in this Placement Document, to our knowledge no circumstances have arisen since the date of the last financial information disclosed in this Placement Document which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SUMMARY OF KEY DIFFERENCES BETWEEN INDIAN GAAP AND IND-AS

Sr. No.	IND-AS No.	Particulars	Indian GAAP	IND-AS
1	IND-AS 1	Presentation of Financial Statements	**Other Comprehensive Income:** There is no concept of 'Other Comprehensive Income' under Indian GAAP.	**Other Comprehensive Income:** Ind-AS 1 introduces the concept of Other Comprehensive Income ("**OCI**"). Other comprehensive income 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.
			Extraordinary items: 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.	**Extraordinary items:** Under Ind-AS, presentation of any items of income or expense as extraordinary is prohibited.
			Change in Accounting Policies: 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.	**Change in Accounting Policies:** 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.
2	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	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

Sr. No.	IND-AS No.	Particulars	Indian GAAP	IND-AS
			offered for income taxes and profit as per the financial statements.	approach, there could be additional deferred tax charge/income on account of all Ind-AS opening balance sheet adjustments.
3	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
4	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.
5	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.
6	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
7	IND-AS 27	Accounting for Investments in Subsidiaries / Associates/ JV in 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
8	IND-AS 32/ 107 / 109	Presentation and classification of Financial Instruments and	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and	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

Sr. No.	IND-AS No.	Particulars	Indian GAAP	IND-AS
		subsequent measurement	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-reognition of financial assets under securitization/assignment transactions are governed by RBI guidelines for NBFCs	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 Effective Interest Rate (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 & fees) have to be measured using the Effective Interest Rate (EIR) method. 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
9	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	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/ doutbful/ loss assets) is prescribed under Ind-

Sr. No.	IND-AS No.	Particulars	Indian GAAP	IND-AS
			standard/ sub-standard/ doutbful/ loss assets based on number of months overdue and provisions are made as per rates specified for each category.	AS.
10	IND-AS 110	Consolidated Financial Statements	Under Indian GAAP, the consolidation is driven by the reporting entity's control over its investees namely subsidiaries, associates and joint ventures. Control is: (a) the ownership, directly or indirectly through subsidiary(ies), of more than one- half of the voting power of an entity; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other entity so as to obtain economic benefits from its activities. Therefore, a mere ownership of more than 50 per cent of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under Ind-AS.	Control is based on whether an investor has: (a) power over the investee; (b) exposure, or rights, to variable return from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amounts of the returns.
11	IND-AS 110	Consolidation - Exclusion Of Subsidiaries, Associates And Joint Ventures	Excluded from consolidation, equity accounting or proportionate consolidation if the subsidiary / investment / interest was acquired with intent to dispose of in the near future (which, ordinarily means not more than 12 months, unless a longer period can be justified based on facts and circumstances of the case) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent/investor/venturer.	Consolidated financial statements include all subsidiaries and equity accounted associates and joint ventures. No exemption for "temporary control", "different lines of business" or "subsidiary / associate / joint venture that operates under severe long- term funds transfer restrictions".
12	IND-AS 110	Consolidation – Joint Ventures	Under Indian GAAP, proportionate consolidation method is applied when the entity prepares consolidated financial statements.	The equity method, as described in Ind-AS 28 is applied when the entity prepares consolidated financial statements.
13	IND-AS 37	Provisions, contingent	Under Indian GAAP, provisions are recognised only	Under Ind-AS, provisions are recognised for legal as well as

Sr. No.	IND-AS No.	Particulars	Indian GAAP	IND-AS
		liabilities and contingent assets	under a legal obligation. Also, discounting of provisions to present value is not permitted	constructive obligations. Ind-AS requires discounting the provisions to present value, if the effect of time value of money is material
14	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.

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section has been obtained or derived from the "Retail Finance - Housing" and "Retail Finance – Auto" reports dated February 2018, "Auto Finance" and "NBFC's Overview" reports dated November 2017, by CRISIL (the "**CRISIL Reports**"), as well as other industry sources and government publications. All information contained in the CRISIL Reports has been obtained by CRISIL from sources believed by them to be accurate and reliable. Although reasonable care has been taken by CRISIL to ensure that the information in the CRISIL Reports is true, such information is provided 'as is' without any warranty of any kind, and CRISIL in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion. None of our Company, the Book Running Lead Managers and any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but 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 must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. The information in this section must be read in conjunction with "**Risk Factors**" and "**Our Business**" on pages 68 and 175, respectively.*

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OVERVIEW OF THE INDIAN ECONOMY

The Indian economy is one of the largest economies in the world, with a gross domestic product ("**GDP**") on purchasing power parity basis of an estimated US$ 9.45 trillion in the calendar year 2017. Per capita GDP in India has grown from an estimated US$ 6,400.00 in the calendar year 2015 to an estimated US$ 7,200.00 in the calendar year 2017. (*Source: The World Factbook available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html*)

The Indian economy in Fiscal 2017 was marked by moderate expansion and macroeconomic stability, low inflation, and improvement in current account and fiscal deficits due to negative impacts from the global slowdown and the transient impact of demonetization (*Source: RBI Annual Report 2016 - 2017*). Domestic demand continued to drive growth, with strong private consumption and a public infrastructure spending push in India while net exports subtracted slightly from GDP growth. Growth in India slowed for the fifth consecutive quarter to 5.7% (year-on-year) in the first quarter of Fiscal 2018, partly reflecting adjustments by businesses to the prospective introduction of GST in July 2017. (*Source: Global Economic Prospects, January 2018: Broad-Based Upturn, but for How Long? Advance edition. Washington, DC: World Bank. License: Creative Commons*

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The real GDP growth rate was 6.7% in the fourth quarter of Fiscal 2017 as compared to 7.1 % for the previous year. (*Source: The World Factbook available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html*) Following an overall slowdown in India's rate of GDP growth in 2011, growth rebounded in 2014 through 2016, exceeding 7% each year, but slowed again in 2017. However, India's economic activity is expected to stabilize and maintain an annual GDP growth at 7% in Fiscal 2018. India's growth is projected to increase gradually to 7.4% by Fiscal 2020, reinforced by a recovery in private investment, which is expected to increase due to rise in public capital expenditure and an improvement in the investment scenario partly due to the implementation of GST and the Insolvency and Bankruptcy Code, 2016 ("**IBC**"), and favorable measures to attract foreign direct investment. (*Source: World Bank. 2017. "Growth out of the Blue." South Asia Economic Focus (October), Washington, DC: World Bank. Doi: 10.1596/978-1-4648-1213-2. License: Creative Commons Attribution CC BY 3.0 IGO*)

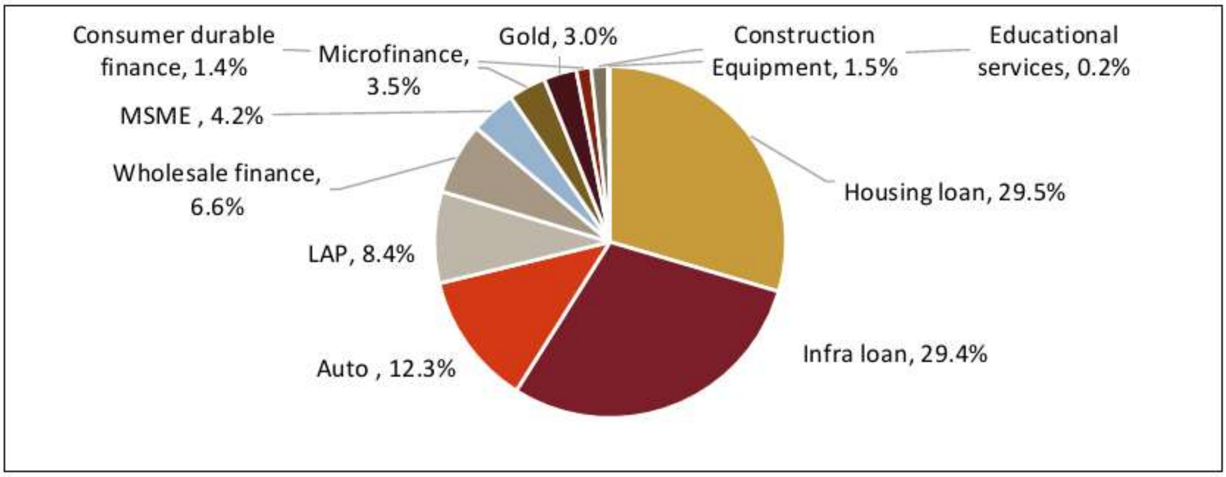
India's GDP growth rebounded to 6.3% in the second quarter of Fiscal 2018 from 5.7% since the first quarter of Fiscal 2018 after the initial delays associated with the rollout of nationwide GST, coming on the back of demonetization. Gross value added also posted 6.1% rise in the second quarter of Fiscal 2018 from 5.6% in previous quarter. (*Source: RBI - Financial Stability Report, December 2017*). The Indian economy with a GDP at constant (Fiscal 2012) prices in Fiscal 2018 is likely at attain a level of ₹ 129,850 billion, as against the provisional estimate of GDP in Fiscal 2017 of ₹ 121,900 billion.

The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. However, long-term challenges remain significant, including: India's discrimination against women and girls, an inefficient power generation and distribution system, ineffective enforcement of intellectual property rights, decades-long civil litigation dockets, inadequate transport and agricultural infrastructure, limited non-agricultural employment opportunities, high spending and poorly targeted subsidies, inadequate availability of quality basic and higher education, and accommodating rural-to-urban migration. (*Source: The World Factbook available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html*)

NON-BANKING FINANCIAL COMPANIES

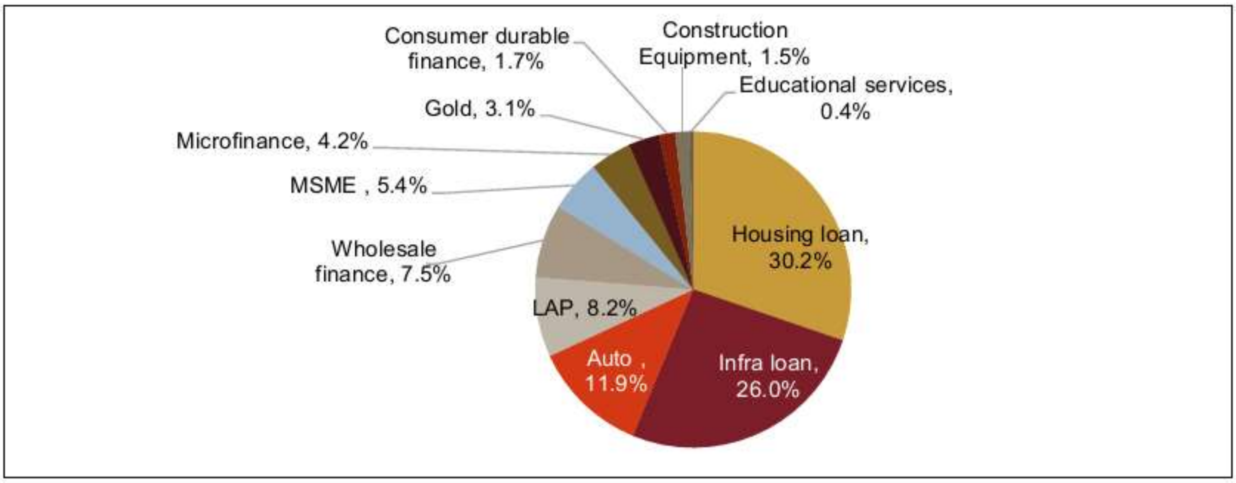
Non-banking financial companies ("**NBFCs**") have played a major role in meeting financing need, complementing banks and other financial institutions. They cater to the unbanked masses in rural and semi-urban areas, and lend to the informal sector.

Segment wise share of NBFC's outstanding credit for Fiscal 2017, is as set forth below:



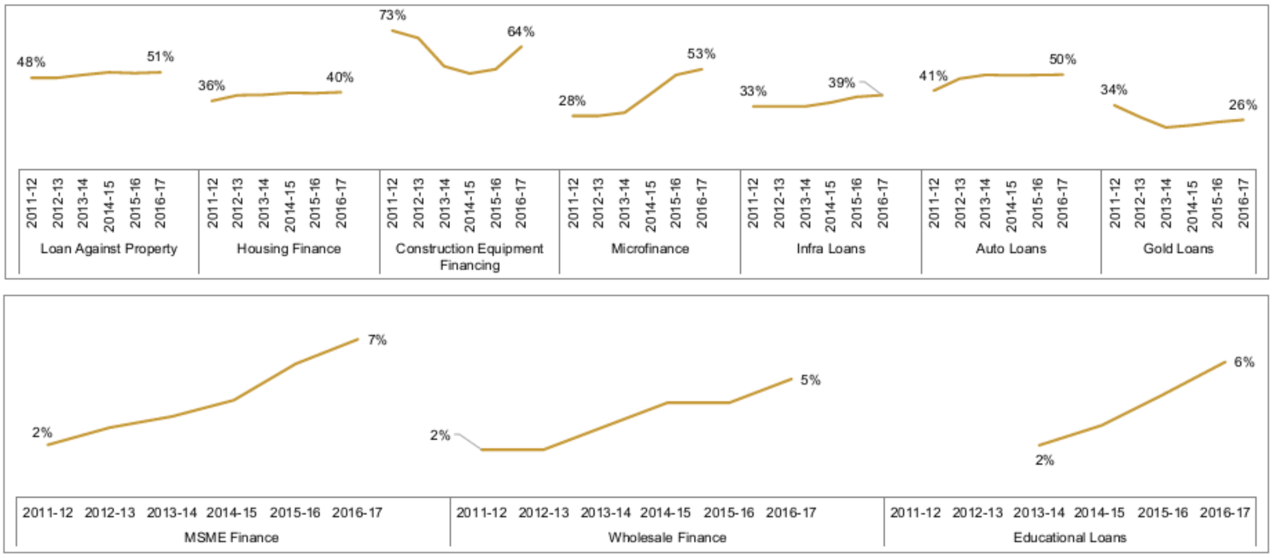
Source: CRISIL Research

Going forward, CRISIL expects that there is significant scope for NBFCs to gain market share across sectors as well. Set forth below is the segment wise share across sectors, as expected for Fiscal 2019:



Source: CRISIL Research

CRISIL Research has shown that NBFCs have gained market share in almost all categories where they have presence over the period from Fiscal 2012 to Fiscal 2017. Set out below is a representation of NBFCs gaining market share across sectors since Fiscal 2012:



Source: CRISIL Research

NBFCs are competitively placed across different segments, with significant market share. The table below sets forth certain information on NBFCs and their market share across key segments, along with the competitive advantage they carry.

Competitive positioning of NBFCs in different segments

NBFC Segment	Market Share (Fiscal 2017 Estimated)	Competitive Positioning
Auto finance	50%	Catering to relatively less creditworthy customers, strong presence in used vehicles, faster processing, lower documentation, customized offering
Low cost housing#	NA	Strong local knowledge, geographical focus, differentiated credit appraisal methodology
Housing Finance	40%	Competitive interest rates, better customer service; focusing on higher yielding segments like Loan against property and developer loans
Infra finance	39%	Specialized institutions; competitive cost of funds
Construction equipment finance*	64%	Focus on hirer/ retail segment, higher LTV offering, wide reach, flexibility in repayment, simple documentation, doorstep collection, lower turn-around time
Loan against property	51%	Strong origination skills, superior customer knowledge, better collection mechanisms, faster loan processing, cash flow based credit appraisal
Gold loans	26%	Higher LTV, lower turn-around-time, lower documentation, niche focus enables them offer better customer experience
Microfinance	53%	Extensive reach, lower interest rates as compared to local money-lenders
MSME finance	7%	Lower turn-around-time, wider reach, cash flow based credit appraisal, better servicing, simpler documentation
Wholesale finance	5%	Strong origination skills, customized product offering, focus on real estate funding and structured products
Consumer durable loans*	59%	NBFCs have an upper hand in CD financing owing to better understanding of the customer's psyche and a robust network

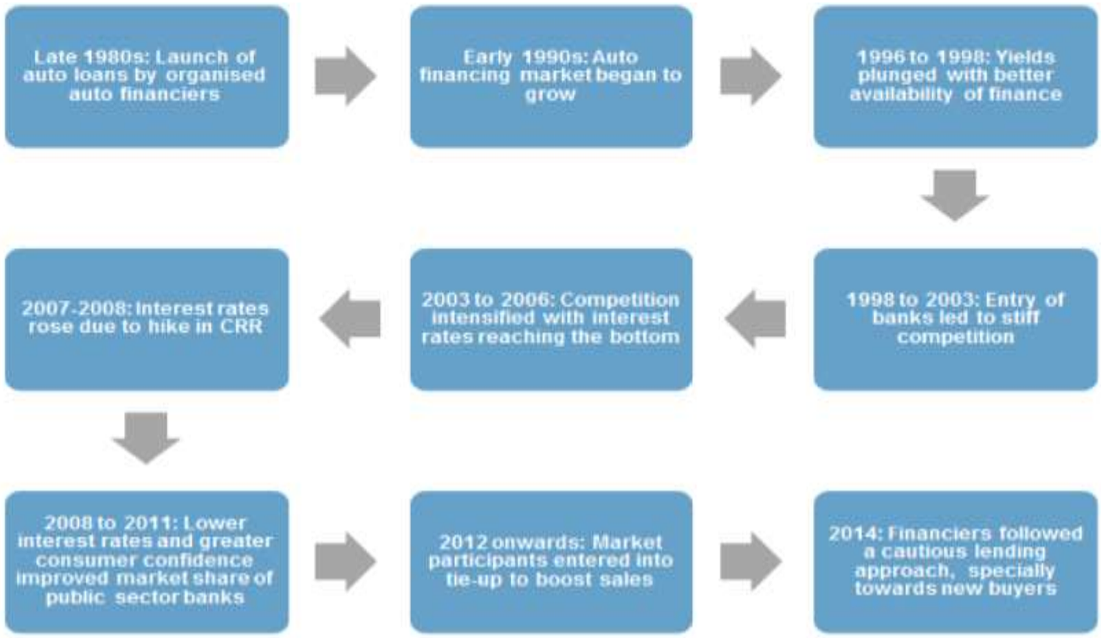
Educational loans	6%	The NBFCs' focus on high value accounts, with international loans remaining the focus area Value-added services provided by NBFCs such as pre-admission sanction of loan, visa counselling, online platform, etc have seen customers gravitate towards them.

**Based on disbursements*
#low cost housing is a subset of Housing finance
Source: RBI, CRISIL Research

AUTO FINANCE

Passenger Vehicle (PV) Finance Industry

Evolution of the PV Finance Industry



Source: CRISIL Research

PV finance industry to post strong double-digit growth over next five years

Despite early recognition of NPAs, NBFCs are expected to limit their credit costs with better monitoring and recovery mechanisms.

CRISIL Research expects passenger vehicle (PV) finance disbursements to grow at a CAGR of 15% to 17% over the next five years, driven by lower interest rates, increasing focus on tier 2 and 3 cities, increasing finance penetration, expansion in addressable market and stable cost of ownership. Increasing urbanization, expanding working population and ease of availability of financing are also expected to support higher disbursements. CRISIL Research expects profitability of car and UV financiers to improve in Fiscal 2018 supported by increasing gross spread. Both yields and cost of funds are expected to decline, but the latter is expected to decline faster, resulting in higher gross profit margin. However, increase in operating expense will marginally impact profitability and recovery mechanisms. In addition, profitability is expected to remain stable in Fiscal 2019 as increase in cost of funds will be offset by lower credit costs.

In Fiscal 2017, disbursement growth in the cars and utility vehicles (UVs) segment was at 17%, but was impacted in November and December due to demonetization. The impact of demonetization was largely on the self-employed segment due to the cash intensive nature of business. Financiers therefore started aggressively focusing on the salaried class, which remained largely unaffected. Most of the banks introduced 100% on-road financing schemes for salaried customers as delinquencies are minimal in this segment. Financiers have also waived off foreclosure charges and pre-payment fee, which were always offered in the housing loan segment, but not in the PV finance segment.

The penetration level of cars in India is far lower than in most developed economies, and some developing countries. This provides significant growth potential for automobile manufacturers. As disposable incomes rise, CRISIL Research expects the number of households that can afford a small car (addressable households), which grew by 16%
CAGR between Fiscal 2012 and Fiscal 2017, to grow by 4% to 6% CAGR up to Fiscal 2022. Despite higher affordability, India is an under-penetrated market, with about 20 passenger vehicles per 1,000 people in Fiscal 2017. The projected healthy rise in addressable households is expected to increase PV penetration to 25-27 cars per 1,000 people by Fiscal 2022.

Indian PVs market is significantly under-penetrated than developed as well as BRIC countries:

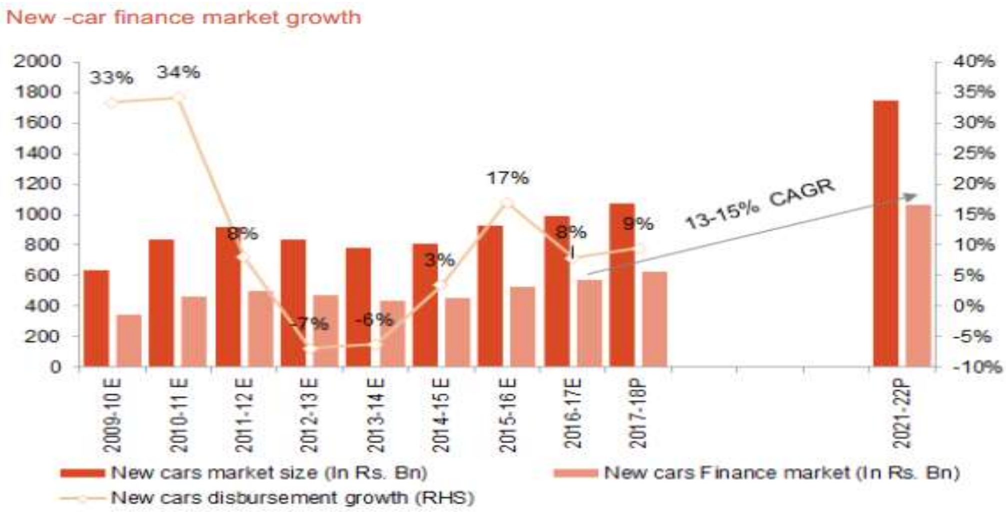
Figures denote number of PV per 1,000 people
Source: Wards Auto, CRISIL Research

Easing inflation, higher real income to drive car disbursements over next five years

Overall, the volume of care sales is expected to grow at a rate of 8% to 10% from Fiscal 2017 to Fiscal 2022. Improvement in rural income along with low cost of ownership will aid rural sales. Demand was to an extent restricted due to demonetization as after a growth of 7.4% observed in the first half of Fiscal 2017, small car sales dropped to 1% in the third quarter of Fiscal 2017. However, sales growth picked up in the last quarter of Fiscal 2017, and registered a total volume growth of 4% in Fiscal 2017. According to CRISIL, growth is also expected to be driven by an increase in disposable income, greater urbanization and with global automakers flooding India with new models to capitalize on the enormous growth opportunities as India has the lowest PV penetration levels.

In addition, car loan disbursements market is expected to register higher growth given increase in average LTV and higher penetration. As per various industry players, the average LTV is expected to increase by 1.5% to 2% over the next five years with the finance penetration growing by 2% to 3%.The average car price is also expected to increase by 2.5% to 3%, which will result in overall disbursements growing at a CAGR of 13% to 15% from Fiscal 2017 to Fiscal 2022.

The below chart represents the growth of the market for new car finance:

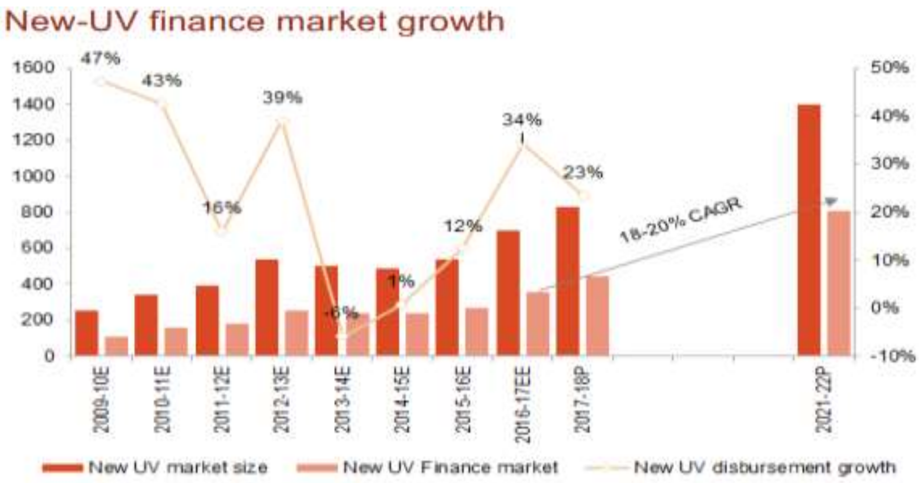


E: Estimated; P: Projected
Source: CRISIL Research, SIAM

Increase in addressable market for UVs to drive higher disbursements in long term

Overall, the UV finance market size is expected to grow at a CAGR of 18% to 20% from Fiscal 2017 to Fiscal 2022, driven by the increase in addressable market and shift in consumer preference for compact UVs and premium hatchbacks. UV loan disbursement market is expected to grow faster than that of cars given higher sales with consumer sentiments shifting to the former segment. Average LTV in the UV segment is expected to increase by 3% to 4% by Fiscal 2022 and converge to the car finance LTV. The overall market size of UV disbursement is projected to grow at a CAGR as high as 18% to 20% from Fiscal 2017 to Fiscal 2022, supported by the moderate increase in vehicle prices as well as fascination of the rural market towards this segment.

The below chart represents the growth of the market for new UV finance:



E: Estimated; P: Projected
Source: CRISIL Research, SIAM

Car, UV loan portfolio concentrated in top 20 cities

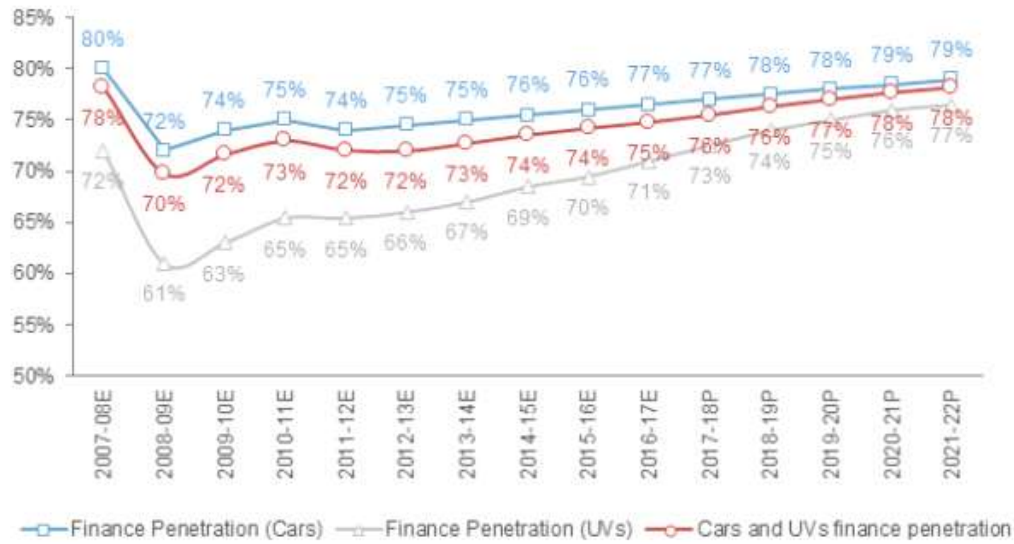
The top 20 cities account for 55% to 60% of the total outstanding loan portfolio. Banks have a greater exposure to these cities compared with NBFCs. The lower borrowing cost of banks vis-a-vis NBFCs enable banks to lend at lower interest rates to borrowers with better credit profiles, who form a larger proportion of borrowers in the top 20 cities. Average loan size in the top 20 cities is also bigger than that in other cities and towns due to the higher proportion of sedans and higher LTV on loans owing to the better credit profile of the average borrower. Higher finance penetration also contributes to higher disbursements in the top 20 cities.

Higher borrowers history availability from credit bureau to increase finance penetration

Finance penetration for cars and UVs improved slightly to 75% in Fiscal 2017, but remained below the 80% level that was prevalent before Fiscal 2009. Penetration will rise further as vehicle prices are rising with BS-IV norms as well as demand for the luxury segment is increasing. Also post demonetization, banks have started waving off foreclosure and pre-payment charges to make financing a viable option for customers. While these options were always offered in the home loan segment, they were not prevalent in the car loan segment.

Over the next five years, finance penetration in non-metro markets is expected to grow at a healthy pace as NBFCs expand their reach. A recovery in sales of cars and UVs, along with greater availability of credit information, is also expected to boost finance penetration.

Trend in finance penetration, as set forth below:



E: Estimated; P: Projected
Source: CRISIL Research

Key Players

Set forth below is a snapshot of the key players in the UV financing sectors:

Category	Private Banks	Public Banks	Captive NBFCs	Other NBFCs
Share	48-52%	20-24%	10-12%	16-18%
Key Players	AXIS BANK	STATE BANK OF INDIA	Tata Motors Finance Limited	Kotak Mahindra prime Ltd
	HDFC BANK		Mahindra & Mahindra Financial Services Ltd	Sundaram Finance Ltd
	ICICI BANK		Toyota Financial Services	L&T Finance Limited
	INDUSIND BANK		Volkswagen Finance	Shriram City Union Finance Ltd
				Cholamandalam Investment and Finance Company Ltd
				Reliance Capital

Source: CRISIL Research

Demand drivers for the PV industry

The key demand drivers for the PV industry are as follows: (i) increase in addressable households that CRISIL Research expects will grow at a CAGR of 12% over the next five years; (ii) declining crude oil prices that will aid affordability; (iii) low penetration in India with only 17 cars per 1,000 people as compared to 500-550 cars per 1,000 people in certain developed regions, signifying the potential for growth of the PV industry in India; (iv) shorter replacement cycles, as the average replacement cycles for cars has reduced gradually from 4.5 years to 4 years; (v) increase in dealerships and access to finance in rural and semi-urban towns; and (vi) new model launches.

Commercial Vehicle Finance Industry

Evolution of the CV Finance industry

Source: CRISIL Research

In India, for every heavy commercial vehicle, there is demand for less than two redistribution vehicles on average, compared to the global multiple of three. This is expected to increase. Quick and easy loan policies, higher penetration of banks and NBFCs, increasing presence of captive financiers, advancement in data utilization and technology for reducing risk, improvement in internet connectivity and mobile banking are expected to result in increase in financing usage.

CV Finance Industry to grow moderately over the next five years

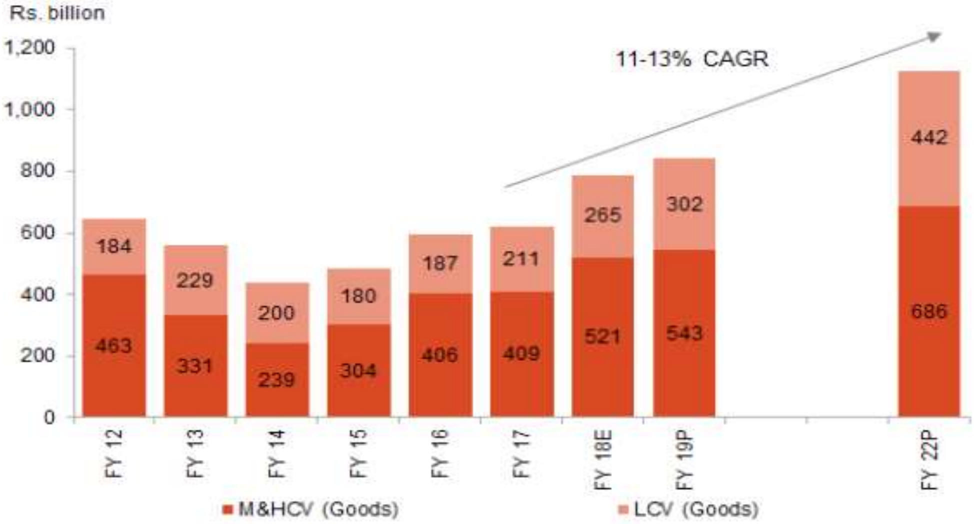
While the decline in interest rates for commercial vehicles (CV) financing during Fiscal 2017 aided sales, there was major disruption in the market owing to demonetization. This led to a slump in sales, resulting in a sharp decline in disbursements. The collection ratio for overall CV financiers, especially non-banking finance companies also declined immediately post demonetization during the months of November and December, with normalization reported in March.

It is anticipated that the Goods and Services Tax (GST) will introduce significant changes in the Indian economy, with a possible positive impact on the country's gross domestic product (GDP), estimated to increase by several basis points. Post the GST regime, CRISIL expects distribution networks and supply chains to realign, which would take about two to three years. According to CRISIL, the hub-and-spoke model will gain prominence, with more concentrated hubs and longer spokes. In addition, there is expected to be a shift to larger medium and heavy commercial vehicle (MHCV) trucks on primary routes.

MHCV sales, which contracted between Fiscal 2012 and Fiscal 2014, recorded a significant growth in Fiscal 2015 and Fiscal 2016, as a result of improved industrial activities, agricultural output, replacement demand, higher freight availability (leading to improved transporter profitability), and a strong focus in infrastructure project execution. But post-demonetization, the disbursement contracted significantly due to the high cash-intensive nature of the industry.

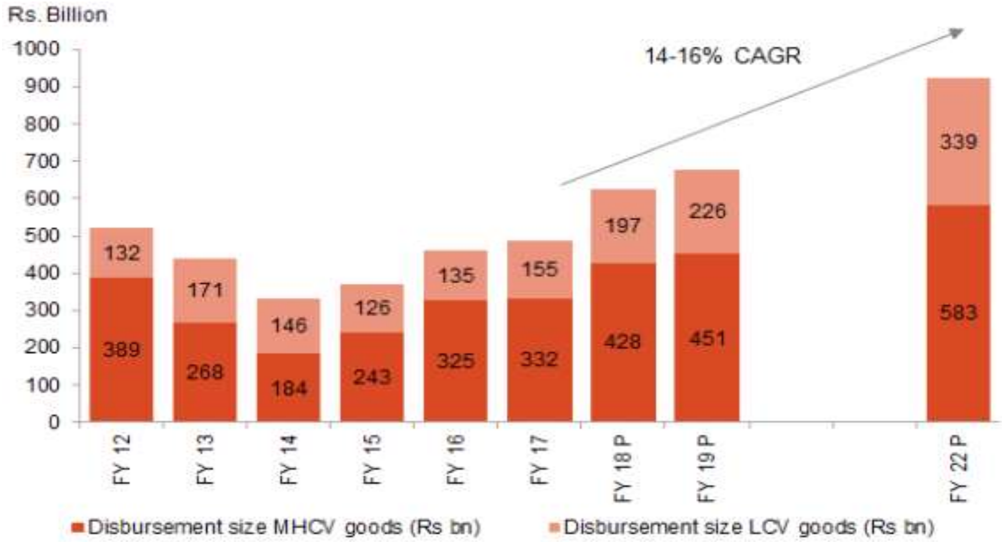
Sales of new light commercial vehicles (LCVs) improved in Fiscal 2017, after being on the decline during the last three years, driven by an increase in private final consumption expenditure (PFCE). CRISIL Research expects overall CV finance disbursements to grow at a CAGR of 14% to 16% over the next five years, supported by an increase in vehicle prices, and driven by regulator mandated shift to comply with Bharat Stage-VI (BS-VI) norms by 2020.

Growth in the new CV market:



E: Estimated; P: Projected
Source: CRISIL Research

Growth in the new CV finance market:



E: Estimated; P: Projected
Source: CRISIL Research

In Fiscal 2017, CV loan disbursements grew by 5.6%. Underlying sales volumes of the CV industry improved by approximately 4% on-year. Among segments, LCV sales improved by 8%, supported by an increase in private consumption demand and increase in the vehicle prices and higher LTV, led by the credit history availability of borrowers. However, the volume of MHCV sales declined by around 1%.

CRISIL Research expects the disbursement to grow at a CAGR of 17% to 19% between Fiscal 2017 and Fiscal 2019. In addition, it is expected that this growth will primarily be supported by a growth in disbursements in the LCV finance market, at a CAGR of almost 21%. Further, the MHCV segment is expected to grow at a CAGR of 16% to 18%. This rise in disbursements will be supported by growth in prices of CVs due to:

- The basic raw material index (BRMI), which reflects approximately 15% of total costs of the industry, is expected to rise by 5% to 7% in Fiscal 2018, largely owing to a rise in steel, iron, and natural rubber prices.
- With vehicle prices having increased by 8% to 10% due to implementation of the BS-IV emission norms, the Ministry of Road Transport & Highways (MoRTH) has now mandated trucks to have a cabin

ventilation system instead of air-conditioning. According to CRISIL, this will lead to a price rise of ₹ 8,000 to 10,000.

- All goods vehicles either manufactured by a vehicle manufacturer or a body builder on drive-way chassis vehicles, will have to comply with the provisions of AIS-093 (Rev. 1) in two stages. The first level of compliance is in October 2018 and the second stage is in October 2019. CRISIL Research believes compliance with this code will lead to a cumulative price rise of 5%. On the other hand, with standardization in truck body building, it is expected that there will be consolidation among truck body builders as small players may not be able to meet testing requirements. With standardization, financiers are expected to be more willing to fund the generally unsupported body-building cost. This will reduce the initial down payment, minimizing the impact of the 5% rise in cost of ownership.

But over the next five years, the improving economic scenario is expected to result in higher capacity utilization of CVs.

CV loans concentrated in top 20 cities

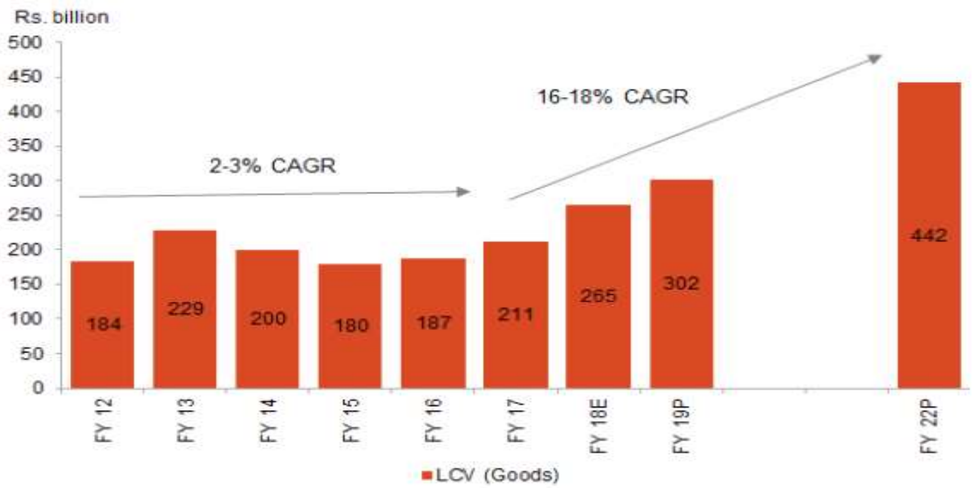
The top 20 cities account for 40% to 45% of the total outstanding CV financing portfolio. These cities account for a greater share of MHCV loans, which have an average ticket size of ₹ 1.2 million to ₹ 1.3 million compared with ticket sizes of about ₹ 0.35 million to ₹ 0.45 million for LCVs. The proportion of LCV sales is higher in regions outside the top 20 cities.

Higher LCV financing to drive overall CV finance market over the long term

The LCV market is expected to expand at a CAGR of 16% to 18% from Fiscal 2017 to Fiscal 2022, led by prices rising at a CAGR of 3% to 5% CAGR as well as a growth in sales volumes over the period, at a CAGR of 10% to 12%. According to CRISIL, the demand for vehicles will be supported by higher consumption expenditure and continued replacement of large three-wheelers. Despite improving penetration, India's LCV-MHCV population ratio (1.4 times, expected to rise to 1.5 by fiscal 2022) is still lower than China's (1.8), a comparable CV market given its similarities with India in rail-road share, usage of low-cost trucks, and overloading situation.

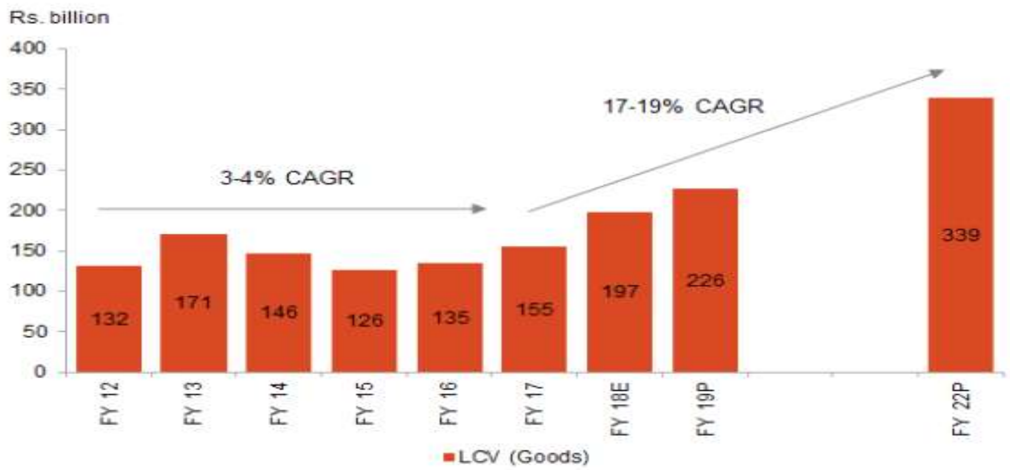
CRISIL Research expects the new LCV finance disbursements to grow at a CAGR of 17% to 19% till Fiscal 2022, led by better availability of the credit history of borrowers (especially first-time users; as they account for almost 50% of overall LCV market) through credit bureaus. Another factor helping the growth of LCV finance disbursements is higher transporter profitability (due to pass-on of interest rates benefits), allowing financiers to offer higher LTV. High finance penetration, growth in new model launches by underlying players, and higher vehicle prices will also support the disbursements growth of LCV segment.

New LCV market size:



E: Estimated; P: Projected
Source: CRISIL Research

Growth in new LCV disbursement:



E: Estimated; P: Projected
Source: CRISIL Research

LTVs to improve marginally

LTVs to improve marginally

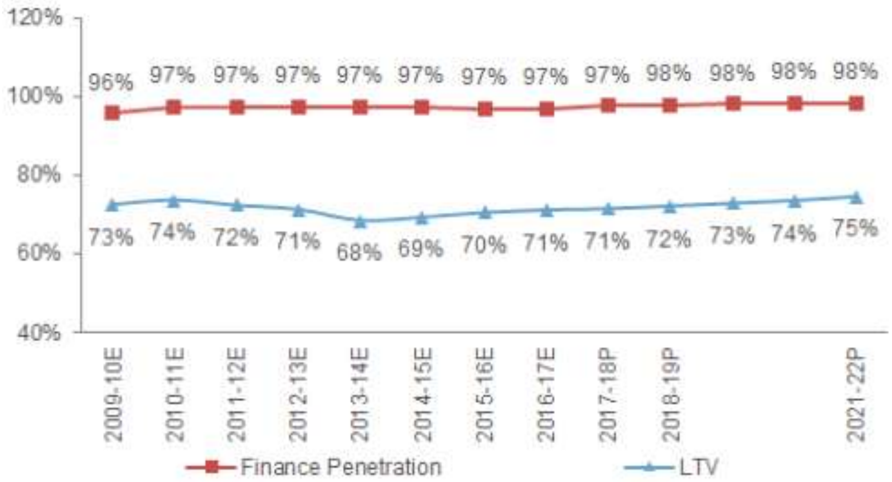
The weak economic scenario and the rising pressure on transporter margins led to rising delinquencies in the CV financing portfolio. Consequently, CV financiers lowered their LTV ratios in Fiscal 2013 and Fiscal 2014. The sharper drop in disbursements of MHCV loans, which are offered at a higher LTV, also affected the average LTV in Fiscal 2014. While LTV ratios primarily depend on the borrower's profile, the model of the vehicle purchased is also factored in while deciding the LTV. A borrower purchasing a higher selling model is offered a higher LTV due to the ease of selling the vehicle in the used vehicle market in the event of repossession.

The average LTV in the top 20 cities is higher than in other regions due to the larger proportion of MHCV sales. MHCV buyers are primarily large fleet operators (LFOs) who have a stronger credit profile than LCV buyers. We expect LTV ratios to remain high, as with increasing competition and greater information availability, players are comfortable in offering higher LTV.

LCV financiers have become cautious owing to the build-up in delinquencies, as most buyers are either first time users or small-fleet operators who typically have a weak credit history. Hence, financiers have tightened their appraisal criteria. This has led to loans being disbursed only to customers with a better profile, who are offered a slightly higher
LTV.

With the economy improving in Fiscal 2018, the asset quality in the CV loan portfolio is likely to improve, prompting financiers to offer higher LTV. Some of the captive financiers do become aggressive from time to time which required close monitoring. We expect the LTV to improve gradually to 74% to 75% over the next five years.

High LTV, key to growth in disbursements:



E: Estimated; P: Projected
Source: CRISIL Research

Finance penetration to remain high

The CV finance industry is already highly penetrated. Typically, more than 97% of the vehicles purchased are funded externally. Within segments, MHCVs have marginally higher finance penetration compared with LCVs owing to the higher vehicle price and the better credit profile of customers.

Although finance penetration had decreased marginally in Fiscal 2009, penetration recovered to normal levels in Fiscal 2010. Finance penetration is likely to be 97% to 97.5% in Fiscal 2018, and is projected to touch 98.5% in Fiscal 2022.

Key Players

The key players and their estimated market share in the CV finance market, is as follows:

Private Banks	Captive NBFCs	Other NBFCs
54-58%	17-19%	26-28%
AXIS BANK	Tata Motors Finance Limited	Cholamandalam
HDFC BANK	Mahindra & Mahindra Financial Services Ltd	Sundaram Finance Ltd
Kotak Mahindra Bank	Tata Capital	L&T Finance Limited
INDUSIND BANK		Shriram Transport Finance
ICICI Bank		Fullerton
		Reliance Capital
		Indiabulls
		Magama Fincorp

Source: CRIISL Research

Demand drivers for the CV industry

The key demand drivers for the CV industry are as follows: (i) economic activity as growth in the overall economy is likely to boost industrial production and freight transportation requirements; (ii) finance availability; (iii) fleet replacement by implementation of ageing norms on CVs in certain regions, with large fleet operators replacing their fleet every four to six years; (iv) new model launches; and (v) other long-term drivers such as infrastructure development, structural changes, and government initiatives.

HOUSING FINANCE MARKET

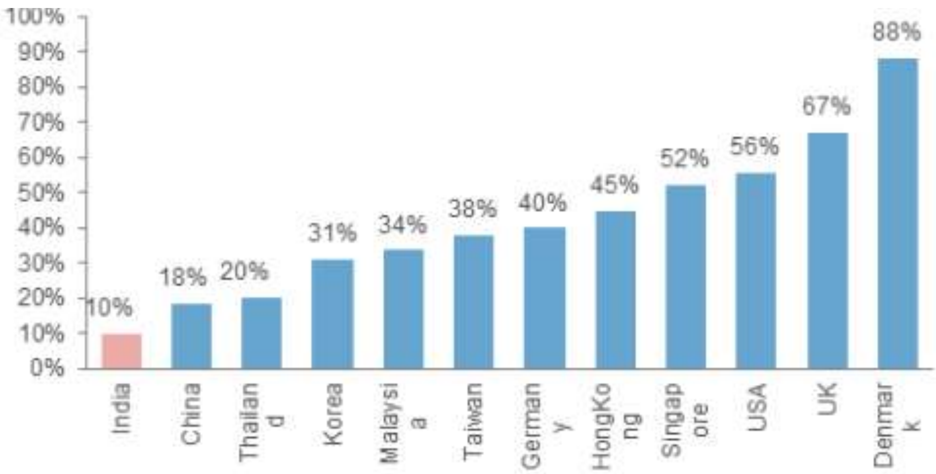
Housing finance is the second-largest loan portfolio for NBFCs. Several NBFCs have shifted focus to secured lending after the global slowdown in Fiscal 2009, due to high delinquencies witnessed in the unsecured loan portfolio. This is evidenced by the formation of full-fledged housing finance divisions by a large number of players, between 2007 and 2009. Focus on secured assets helped de-risk loan books and resulted in continuous improvement in asset quality. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) also helped in securing loans in case of defaults.

Over past five years, access to information about profiles and track record of borrowers has improved significantly, which has also aided HFCs' growth. Industry interactions indicate that HFCs can get information on 50% to 60% of customers applying for mortgage, automobile or personal loans. HFCs have been taking advantage of better information availability and have improved their asset quality too.

India's mortgage penetration remains very low

India's mortgage-to-GDP ratio is still low at 10% in Fiscal 2017 compared with other developing countries, but it has improved from 7.4% in Fiscal 2010, given rising incomes, improving affordability, growing urbanization, including emergence of tier 2 and tier 3 cities, evolution of the nuclear family concept, tax incentives, widening reach of financiers and faster loan sanctioning.

Mortgage penetration (as percentage of GDP)



Note: India data for Fiscal 2017, other countries data based on calendar year 2015
(Source: European Mortgage Federation, HOFINET, CRISIL Research)

Based on CRISIL Research's analysis, mortgage penetration levels in India are 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, urbanization, rising income levels and widening reach of financers, it is believed that growth rates in the mortgage segment would remain healthy over long term.

MCLR scheme will cap interest rate and improve disbursements

The Reserve Bank of India (RBI) has implemented the marginal cost of funds-based lending rate (MCLR) scheme effective from April 1, 2016 which forces banks to pass the benefit of lower cost of borrowing to customers. Following that guideline, interest rates on home loans for banks has come down by 90-95 bps from April 2016 to March 2017.

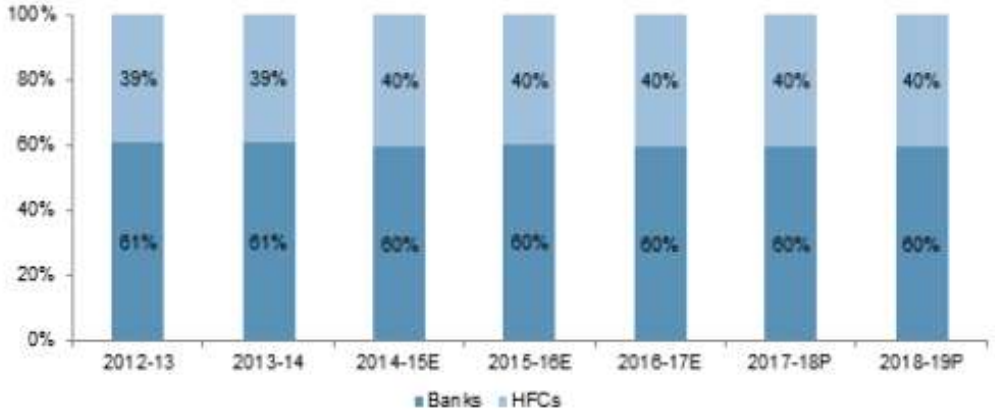
Amid rising gross income levels, declining interest rates will lower equated monthly installments (EMI) on home loans, making borrowers eligible for higher loan amounts. This will, in turn, enable buyers to purchase higher-priced homes or increase the loan-to-value (LTV) on loans, thereby enhancing average ticket size of home loan disbursements.

Share of HFCs to remain steady over next two years

Banks currently have a majority of the market share in the housing loan outstanding (60% in Fiscal 2017). Even though HFCs are likely to get more aggressive, their share is likely to remain stable, as banks have also become aggressive in retail segment due to asset quality issues in corporate loans. However, in longer term the share of

HFCs may increase led by lower borrowings costs and better service quality as compared to PSBs.

Market share of HFCs versus banks



Note: market share is based on retail finance outstanding
E: Estimated; F: Forecast
Source: CRISIL Research

HFCs and banks to grow neck and neck in near term – however loans by HFCs outpaced banks between Fiscal 2012 and Fiscal 2017

E: Estimated; F: Forecast
Source: CRISIL Research

While banks have traditionally competed on interest rates, CRISIL Research believes that HFCs' specialised focus on home loans makes them attractive. Over past few years, robust growth in outstanding loans enabled HFCs to significantly enhance their market share.

However, with the recent slowdown in corporate credit, banks are aggressively focusing and competing with HFCs; it is expected that over the next two years, banks will register a little higher growth than HFCs. Recently, there have been concerns about renewed aggression by banks in the home loan market, given their aggressive pricing. CRISIL Research believes banks may not be able to be more aggressive on pricing without affecting profitability is limited. Moreover, with HFCs recently accessing non-bank sources of funds (along with easing bond yields), their competitiveness on 'cost of funds' versus banks have improved. On non-pricing factors, HFCs could continue to retain an upper hand given their specialization. Thus, overall, HFCs will remain competitive in the mortgage market; and their share is expected to remain stable.

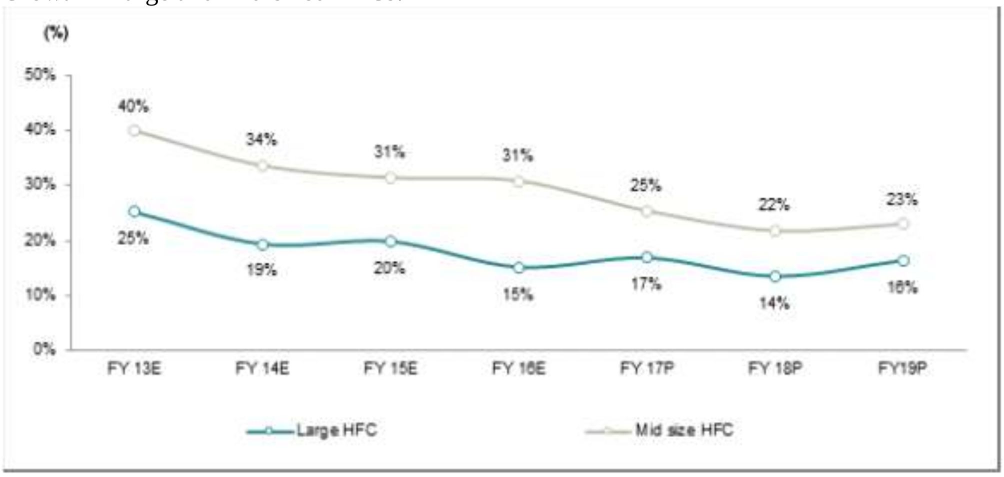
In the long term, growth in advances for both banks and HFCs will remain range-bound despite banks' aggressiveness. HFCs' strong origination skills and relatively superior customer service will help them maintain good growth. Banks will not be far behind with their sharpened focus on retail assets and better data availability.

Mid and small HFCs to grow faster than large HFCs

Mid and small HFCs (HFCs with total outstanding retail housing loans of less than ₹ 300 billion as of March 2017) recorded a CAGR of approximately 31.5% between Fiscal 2011 and Fiscal 2017, while large HFCs notched approximately 20% over the same period. CRISIL Research expects higher growth for mid-size HFCs given their focus on affordable housing projects and their 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 due to decrease in affordability levels owing to high property prices. There is also expected demand growth for affordable housing to exceed overall housing demand growth over the next two years, owing to greater focus of real estate developers in this segment.

Mid-sized HFCs reported an 18% market share in Fiscal 2017 from approximately 7% in Fiscal 2010, propelled by focus on secured lending by non-banking finance companies (NBFC) and better information availability. CRISIL Research expects, the share of mid-sized HFCs to increase to 19% in Fiscal 2019.

Growth in large and mid-sized HFCs:



Large HFCs aggregate includes financial of HDFC, DHFL, Indiabulls Housing Finance, and LIC.
Source: CRISIL Research

Mid and small HFCs earn higher NIMs as compared with large HFCs

Mid and small HFCs earn higher NIMs as compared with large HFCs, as their books are highly concentrated on risky segments (self-employed and informal sector), where they are able to charge premium on yield. However, their return on assets (RoA) is lower than larger HFCs due to higher credit and operating expenses. These HFCs are in expansion mode (both in terms of number of employees as well as branches) and assimilation of latest technology, resulting in higher operating expenditure. The credit cost is also on the rise due to seasoning of books, leading to lower post-tax return-on-assets.

Bank home loans continue to be concentrated

Bank home loan space is concentrated and is characterized by the division of market share amongst a few of the large players:

Source: CRISIL Research

Loan disbursements to grow at moderate pace of 16%-18% CAGR over next two years from Fiscal 2017 to Fiscal 2019

Housing loan disbursement to grow led by pick-up in demand in tier 2 and 3 cities:

E: Estimated; P: Projected
Source: CRISIL Research

The disbursements are likely remain tepid in Fiscal 2018 due to negative impact of RERA as builders have to complete so many legal proceeding before launching the project in the market unlike previously, where they had liberty. But CRISIL Research expects this disruption to impact in current fiscal only and market to pick-up at normal level from Fiscal 2019 onwards.

The market share of HFCs to remain stable over the next two to three years (and will not decrease even after aggressive focus by banks) led by regulatory focus to increase funding avenues and containing borrowing costs for HFCs.

The RBI has reduced risk weights on bank lending to AAA rated HFCs to 20% from 100%, assisting in reducing loan costs.

Key Market Trends

MCLR regime to keep home loan rates in sweet spot for next two years

The introduction of marginal cost of fund-based lending rate (MCLR) scheme has ensured that lenders pass on the rate-cut benefit to consumers. Since the implementation of the scheme on April 1, 2016 the average interest rate on housing loans has declined by 100-120 bps until the first half of Fiscal 2018, and this trend is likely to continue, as banks pass on the benefit from reprising their deposits. Increasing competition, excess liquidity post demonetization and RBI's accommodative stance will further help reduce rates.

Share of floating interest rate loans to increase

Financiers offer two types of home loans to customers – fixed rate and floating rate. Fixed rate loans are typically priced higher than floating rate loans, given the lower uncertainty attached to it. Given the long-term nature of housing loans and medium-term nature of the financiers' liabilities, financiers prefer to lend at floating rates, as it allows them to reset interest rates when their cost of funds increases.

The proportion of floating rate loans has been increasing since Fiscal 2006, primarily due to an indirect push from financiers by way of higher spreads between fixed rate loans and floating rate loans; in some cases, the spread was as wide as 275 bps. After Fiscal 2010, despite rising interest rates, borrowers opted for floating rate loans in anticipation of a reduction/ stabilization of rates in the later years. With the interest rate cycle on a downtrend, and expectations of further softening of interest rates, CRISIL Research expects the proportion of floating interest rate loans to inch up.

Average contractual tenure of loans is rising

The average contractual tenure of home loans is projected to increase to 185 months by Fiscal 2022, from the current 180 months. With rise in property prices and the declining average age of borrowers, financiers have the comfort of increasing loan tenures.

Key growth drivers of Housing Finance industry

Set out below are the key growth drivers of the housing finance industry:

Pradhan Mantri Awas Yojana (PMAY)

The scheme launched by the central government has four salient features: (i) slum redevelopment which is focused on land as a resource with private participation and a grant of ₹ 100,000 per house, with developers benefiting from “free sale components; (ii) affordable housing in partnership with private sector of public sector agencies with government assistance to economically weaker sections in certain instances; (iii) affordable housing through credit-linked subsidy; and (iv) subsidy for beneficiary-led housing.

Credit-linked subsidy scheme (CLSS)

Under the 'Housing for All' mission, the central government has implemented credit-linked subsidy component as a demand-side intervention to expand institutional credit flow to the housing needs of people residing in urban regions. Credit-linked subsidy will be provided on home loans taken by eligible urban population for acquisition and construction of houses. Housing and Urban Development Corporation (HUDCO) and National Housing Bank (NHB) have been identified as Central Nodal Agencies (CNAs) to channel this subsidy to the lending institutions and for monitoring the progress of this component. Under the mission, affordable housing through CLSS will be implemented through banks/financial institutions.

Infra status to affordable housing companies

A long-pending wish of the real estate industry was partially realized with the government granting infrastructure status to affordable housing sector, thereby entailing relatively lower finance costs. Grant of the infrastructure status, coupled with priority sector status accorded to retail loans for affordable housing projects by Reserve Bank of India (RBI) in July 2014, ensures adequate demand and supply-side impetus to the sector. Typically, sectors enjoying infrastructure status can also avail of loans under external commercial borrowings (ECB) route. However, this facility was already granted to affordable housing sector in 2014 by RBI.

Infrastructure bonds available to banks

To encourage infrastructure development and affordable housing, the RBI in July 2014 exempted long-term bonds from regulatory mandatory norms such as cash reserve ratio (CRR) and statutory liquidity ratio (SLR) if the money raised is used for funding such projects. Banks are allowed to raise bonds of minimum maturity of seven years for lending to long-term projects in infrastructure sub-sectors and affordable housing.

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

The purpose of AMRUT is to provide basic services (e.g., water supply, sewerage, urban transport) to households and build amenities in cities, and to improve the quality of life for all, especially the poor and the disadvantaged. Key components of the mission include to ensure that every household has access to a tap, with assured supply of water and a sewerage connection; to increase amenities in cities by developing greenery and well-maintained open spaces; to reduce pollution by switching to public transport or constructing facilities for non-motorised transport (e.g., walking and cycling).

Urbanization

Despite a flourishing housing finance industry, India still faces a huge shortage of houses, especially in urban areas. The share of urban population rose steadily from 28.8% in 2004 to 31.8% in 2014. Though overall population growth slowed, urban population recorded a CAGR of 2.8% from 2001 to 2011. Urbanization is expected to accelerate, translating into a CAGR of 2% to 2.5% in urban population between 2016 and 2021, compared to the overall population growth of 1.2% during the same period, thereby implying that the difference between urban and rural population will narrow.

Urbanization has a twin impact on housing demand: it reduces the area per household, and results in rise in the number of nuclear families, leading to formation of more urban households.

Rise in finance penetration

An increase in finance penetration is also expected to support the industry's growth. Rising demand for housing from tier 2 and tier 3 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 42.7% in Fiscal 2016, from an estimated 39% in Fiscal 2012, while penetration in rural areas is estimated to have risen only slightly to 8.95% in Fiscal 2016, from 8.20% in Fiscal 2012. Boosted by the affordable housing push and rising competition in higher ticket size loans, CRISIL Research expects finance penetration to increase to 44.5% in urban areas and to 9.4% in rural areas by Fiscal 2018.

Lowering risk-weights for banking home loan

The RBI in its June monetary policy reduced the risk weights for banks and increased the LTV for some category of loans. Under the new regulation, the LTV on loans between ₹ 300,000 and ₹ 7.5 million is increased to 80% from the previous 75% and the risk weights have reduced to 35% from 50%. For a loan above ₹ 7.5 million, the risk weights have been reduced to 50% from 75%. CRISIL Research expects the NHB to follow the same path to keep HFCs under the same umbrella.

Population growth

In Fiscal 2017, India was home to more than 1.31 billion people, or an estimated 264.9 million households, compared with 207.2 million households in 2004. Rising population and changing income demographics have contributed to a sharp rise in the number of households, especially in urban areas. During Fiscal 2011 to Fiscal 2017, India's population is estimated to grow at a CAGR of 1.3%. In the current decade, population growth is expected to slow down to 1.1%. Any increase in the population directly impacts demand for housing units and, in turn, the requirement for floor space area. The number of households is likely to rise with the change in the age mix, growing number of nuclear families, increasing urbanization and penetration of financing. Moreover, in the current scenario, population in the younger age brackets is very high. CRISIL Research estimates the trend to translate into a tremendous increase in working population, leading to greater demand for housing.

Key Risk Factors

The housing finance industry is subject to the following key risk factors:

Economic scenario

The financial performance of an HFC depends on overall macroeconomic factors such as gross domestic product growth, the economic cycle, and the health of the securities markets. Any trends or events that have a significant impact on India's economy, including a rise in interest rates, could impact the financial standing and growth plans of HFCs. A decline in the interest rate with strong growth in the economy will boost the purchasing power of people, thus boosting demand for houses and housing loans. When the government introduces rules and regulations such as the Benami Transactions Act, establishes bodies such as the Real Estate Regulatory Authority, or takes decisions such as demonetization, all to control illegal activities and curb black money, demand for housing and housing loans takes a hit.

Encroachment of regular customers by banks

One of the biggest risks to these low-cost players is the threat from banks as the latter have the details of borrowers banking behavior and their repayment history. Banks can poach these regular customers by offering them lower interest rates (compared with small HFCs) and zero processing fee. In doing so, banks will save their operating costs
and get good quality customers. HFCs need to be shrewd enough to stop this to enjoy long-term cash flows.

HFCs catering to the low-ticket housing segment have a funding disadvantage

Most small HFCs are disadvantaged versus large banks and large HFCs such as HDFC and LICHF in their cost of funds. This is due to both to the mix of funding (mid-size and small HFCs are more bank-funded) and higher costs (as credit ratings are lower). However, securitization and National Housing Board funding could help to a certain extent.

Delay in project approvals and construction

The cash flows of HFCs are largely dependent on the timely completion of projects in which their customers have bought housing. If the project gets delayed, the borrower may start defaulting on loans. Additionally, project delays also tend to impact growth in the loan book.

Collateral frauds

The rising number of collateral frauds in the sector is becoming a serious issue. As a result, lending institutions are being forced to implement additional control measures, which increase their underwriting expenses.

Lack of proper title

Lack of proper title can be a risk, especially in the outskirts of large cities, semi-urban and rural areas. With better availability of information and proper due diligence by their technical team, HFCs are trying hard to mitigate this risk.

Liquidity risk

The apartment culture has still not developed in many of the semi-urban and rural areas, leading to financing of individual properties. This makes it harder to sell a property that is built according to the needs of the borrower. Also, in rural areas, it may become difficult to find a buyer for a repossessed property due to cultural issues. All this leads to liquidity risk.

Insufficiency of data for credit appraisal

Credit-score availability in India is still at a nascent stage despite the presence of credit bureaus. In several cases, borrowers lack a formal proof of income documents. This makes it difficult to judge the ability of the borrower to repay.

Impact of curb on black money

Cities/ micro markets with high investor demand and high unsold inventory tend to be severely impacted as a consequence of curbing black money. Residential real estate demand also tends to decline sharply in micro markets with high share of unorganized developers (where cash transactions have been prevalent). Curbing black money is especially inconvenient for developers that face serious funding crunch in the short term. While the government's moves to curb black money will undoubtedly see the industry take it on the chin in the short term, CRISIL Research believes that the step is a long-term positive, as it will bring about sweeping changes to the way the sector functions.

SME FINANCE / MSME

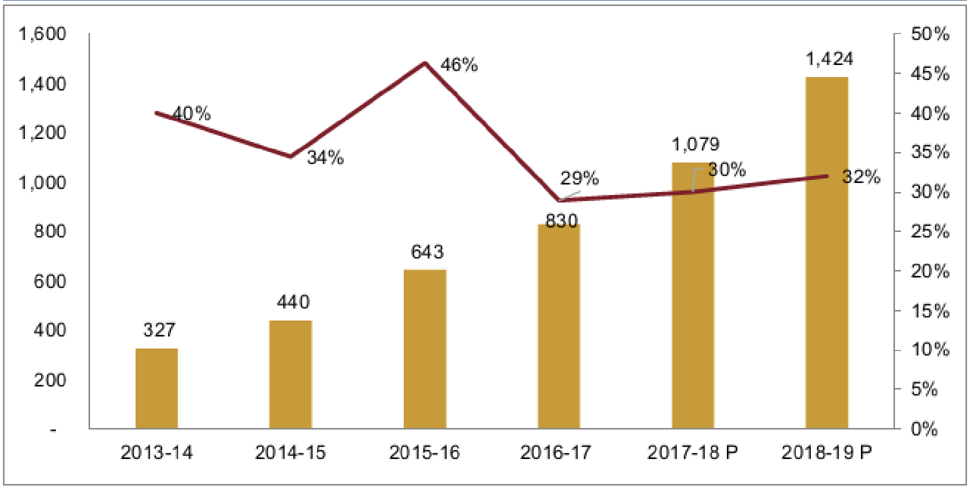
The MSME sector in India continues to have huge unmet demand for credit. NBFCs share in MSME financing will continue to grow but competitive intensity is expected to rise due to entry of small finance banks and PSB recapitalization. NBFCs provide term loans to MSMEs, whereas for banks 75% to 80% of MSMEs loans are working capital loans. 75% to 80% of the lending is secured for NBFCs.

An increase in demand for additional loans (top-up), bridge finance and online platforms is leading to rise in unsecured credit, while yield is under pressure due to increasing competition. NBFCs NPAs in MSME lending have steadily increased over the last three years as NBFCs try to maintain high AUM growth. MSME industry has certain inherent risks such as industry slowdown and technological obsolescence so GST has added a financial burden on MSMEs especially in the unorganized sector thus affecting credit profile of NBFCs borrowers. NBFC's have gained significant market share in MSME credit, as set forth below:

Note: LAP portfolio also included for NBFCs where bifurcation is not available; Commercial vehicle finance excluded
Source: RBI, CRISIL Research

NBFC's are expected to continue to grow, as set forth below:

NBFCs to continue registering impressive growth



Note: LAP portfolio also included for NBFCs where bifurcation is not available;
Commercial vehicle finance excluded
Source: RBI, CRISIL Research

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 13 for a discussion of the risks and uncertainties related to those statements and also "**Risk Factors**" on page 68 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 our Audited Consolidated Financial Statements for Fiscal 2015, 2016 and 2017, and our Unaudited Financial Results for the six months ended September 30, 2016 and 2017 and nine months ended December 31, 2016 and the Condensed Interim Financial Statements for the nine months ended December 31, 2017, included in this Placement Document. For further information, see "**Financial Statements**" and "**Selected Statistical Information**" on pages 276 and 40, respectively.*

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 among the leading non-banking finance companies in India with a primary lending focus on rural and semi-urban markets with customers across the country.

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. Since inception, we have served over 1.70 million customers. As of December 31, 2017, we had around 0.90 million active customers, of which approximately 0.50 million active customers were in our financing businesses and 0.40 million 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, 2017, we had a presence across 19 States and two Union Territories in India through 304 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 ₹ 111,821.01 million and ₹ 106,419.51 million as of March 31, 2017 and as of December 31, 2017, respectively.

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 ₹ 30,297.55 million and ₹ 27,845.70 million as of March 31, 2017 and as of December 31, 2017, respectively.

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 ₹ 18,887.29 million and ₹ 18,256.89 million as of March 31, 2017 and as of December 31, 2017, respectively.

General Insurance. We offer a range of general insurance products that include motor, health, liability, fire, engineering, marine and other insurance products. We distribute 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 was ₹ 4,228.80 million and ₹ 3,654.41 million for Fiscal 2017 and for the nine months ended December 31, 2017, respectively.

Certain notable awards received by us include the CSR Leadership Award, CIO Crown – Digital Innovation Award, 2017, CII National HR Excellence Award – Confluence and Conclave, 2015 and India Customer Service Leadership Award – The Vehicle Fleet Leasing Industry, India by Frost & Sullivan, 2016.

The following table sets forth certain information relating to our operations and financial performance in the periods specified:

(₹ million, except ratios and percentages)

	As of / For the year ended March 31, 2015	**As of / For the year ended March 31, 2016**	**As of / For the year ended March 31, 2017**	**As of / For the nine months ended December 31, 2017**
AUM[1]				
Asset Backed Finance	153,319.85	130,848.29	111,821.01	106,419.51
Mortgage Finance	28,487.07	33,677.72	30,297.55	27,845.70
SME Finance	13,858.36	17,306.32	18,887.29	18,256.89
Total AUM	**195,665.28**	**181,832.33**	**161,005.85**	**152,522.10**
Gross NPA	9,516.27	14,646.73	10,797.12	10,854.79
Gross NPA/ AUM (%)	4.86%	8.06%	6.71%	7.12%
Net NPA	7,549.25	11,516.15	8,888.51	7,969.28
Net NPA/ AUM (net of provision) (%)	3.90%	6.44%	5.59%	5.33%
Net Worth (net of goodwill)	16,406.00	20,900.80	21,109.18	22,472.22
Return on Average Net Worth[2]	10.80%	11.06%	0.97%	9.73%#
Return on Average AUM[3] (%)	1.00%	1.13%	0.07%	1.35%#
Return on Average Total Assets[4]	1.33%	1.40%	0.09%	1.57%#
Net Interest Margin[5]	6.16%	6.97%	7.43%	8.67%
Revenue from (including operating result from general insurance business)	23,536.31	24,721.95	23,444.75	16,611.26
Profit after tax (before minority interest)	1,872.66	2,134.79	127.32	1,589.47
Disbursement[6]	101,152.36	71,803.05	67,158.17	50,538.21
General Insurance (Gross Written Premium)	5,548.14	4,273.67	4,228.80	3,654.41

 # Return on Average Net Worth, Return on Average AUM and Return on Average Total Assets for the nine months ended December 31, 2017 has been presented on an annualized basis.

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.
3. Return on Average AUM is calculated as the net profit (before minority interest) of our Company on a consolidated basis for the relevant year/ period as a percentage of Average AUM of our Company on a consolidated basis in such year/ period.
4. Return on Average Total Assets is calculated as the Net Profit (before minority interest) of our Company on a consolidated basis for the relevant year/ period as a percentage of Average Total Assets of our Company on a consolidated basis in such year/ period.
5. Net Interest Margin represents the ratio of the Net Interest Income to the Average AUM of our Company on a consolidated basis in the relevant year/ period. Note that the manner in which we have calculated and presented Net Interest Margin taking into account the Average AUM may not be comparable to that presented by other financial services companies.
6. 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 for which actual disbursement may have occurred subsequent to the relevant date.

Our Company's CRAR as of March 31, 2015, 2016, 2017, and December 31, 2017 were 16.30%, 18.72%, 20.37% and 20.28%, respectively. Our Tier I capital was ₹ 13,244.82 million, ₹ 17,709.91 million, ₹ 16,326.24 million and ₹ 16,984.56 million as of March 31, 2015, 2016, 2017 and December 31, 2017, 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 304 branches spanning across 19 States and two Union Territories in India, as of December 31, 2017. 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 DSAs and branches. Customers of these DSAs automatically become customers of the associated branches, allowing them to conduct their operations needs at the associated branch. Through our DSAs, 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 90 days past due portfolio, while the collections executives track and collect from customers in the past due 90 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 4.86%, 8.06%, 6.71% and 7.12% as at March 31, 2015, 2016 and 2017 and as at December 31, 2017, respectively, while our net NPAs as a percentage of our net advances were 3.90%, 6.44%, 5.59% and 5.33%, respectively. Our NPA provisioning coverage as at March 31, 2015, 2016 and 2017 and December 31, 2017 was 20.67%, 21.37%, 17.68% and 26.58%, 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. We introduced online payment mechanisms in August 2017 and the number of transaction increased from 784 in August 2017 to 5,806 in December 2017 using such mechanism. 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.

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 have 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. Under the 'Housing for All by 2022' mission, the Central Government has implemented credit-linked subsidy component as a demand-side intervention to expand institutional credit flow to the housing needs of people residing in urban regions (*Source: CRISIL Report*). 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 December 31, 2017, our asset backed financing business contributed to 69.77% of our total AUM. 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

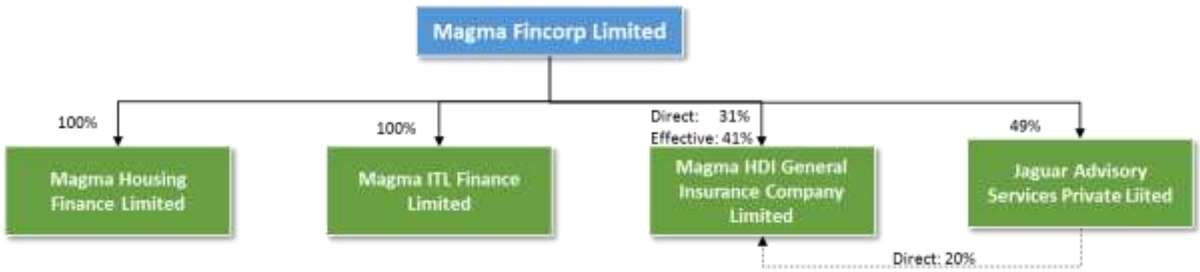
The following table sets forth certain key milestones for our businesses:

Calendar Year	Key Milestones
1978	Incorporated as ARM Group Enterprises Private Limited
1989	Commenced financing business
1992	Merger of ARM Leasing Limited and Magma Leasing Limited with our Company and operations of the three companies were consolidated under Magma Leasing Limited
1993	Listing of equity shares of our Company on BSE
1995	Entered into retail financing business
2001	Acquired Consortium Finance Limited
2003	Listing of equity shares of our Company on NSE

Calendar Year	Key Milestones
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	Commenced insurance joint venture, Magma HDI General Insurance Company Limited commenced operations.
2013	Entered into housing finance business by acquisition of GE Money Housing Finance. Also acquired auto lease portfolio from Religare Finvest Limited.
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.
2017	Initiated scheme of amalgamation for merger of MITL with our Company.
2018	Merger of Magma Advisory Services Limited with our Company.

Corporate Structure

The chart below sets out our corporate structure as of December 31, 2017:



** The Board approved the merger of MITL into our Company on November 9, 2017*

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 ₹ 0.30 million to ₹ 0.60 million. 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 78.36%, 71.96%, 69.45% and 69.77% of our total AUM as of March 31, 2015, 2016 and 2017 and December 31, 2017, respectively. Total AUM in the asset backed financing segment was ₹ 111,821.01 million and ₹ 106,419.51 million as of March 31, 2017 and December 31, 2017, respectively. In Fiscal 2015, 2016 and 2017 and in the nine month period ended December 31, 2017, disbursement in the asset backed financing segment was ₹ 73,653.53 million, ₹ 45,996.26 million, ₹ 47,804.59 million and ₹ 37,529.67 million, respectively.

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

(₹ million)

Products	**Fiscal 2015**	**Fiscal 2016**	**Fiscal 2017**	**Nine Months ended December 31, 2017**
Cars*	24,789.67	16,886.66	18,042.36	11,846.06
Commercial Vehicles	9,335.23	2,990.82	3,130.94	4,565.83
Construction Equipment	8,282.42	3,790.14	3,625.01	3,073.33
Pre-Owned Vehicles	14,184.36	10,141.08	10,639.36	12,231.16
Tractors (Agri Finance)	17,061.85	12,187.56	12,366.92	5,813.29
Total	**73,653.53**	**45,996.26**	**47,804.59**	**37,529.67**

** 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:

(₹ million)

Products	**As of March 31, 2015**	**As of March 31, 2016**	**As of March 31, 2017**	**As of December 31, 2017**
Cars*	49,918.04	45,280.77	40,804.76	37,077.05
Commercial Vehicles	26,093.76	16,492.07	10,454.90	10,595.49
Construction Equipment	19,126.28	14,525.78	10,555.11	9,541.18
Pre-Owned Vehicles	23,313.50	20,442.95	19,614.56	22,779.34
Tractors (Agri Finance)	34,797.57	34,106.72	30,391.68	26,426.45
Gold Loan**	70.70	-	-	-
Total	**153,319.85**	**130,848.29**	**111,821.01**	**106,419.51**

** Cars includes auto lease*
*** Our Company exited gold loan business in Fiscal 2015*

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.

Customer Origination

We primarily rely on dealer Direct Selling Agents ("**DSAs**"), non-dealer DSAs 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 15.94%, 22.73%, 26.11% and 34.77% in Fiscal 2015, 2016 and 2017 and in the nine months ended December 31, 2017.

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 ₹ 1.20 million to ₹ 1.40 million. The average loan tenure ranges approximately from 120 months to 160 months.

As of March 31, 2015, 2016 and 2017 and as of December 31, 2017, our total AUM in our mortgage financing segment represented 14.56%, 18.52%, 18.82% and 18.26%, respectively, of our total AUM in such periods. As of March 31, 2017 and December 31, 2017, total AUM in our mortgage financing business was ₹ 30,297.55 million and ₹ 27,845.70 million, respectively. In Fiscal 2015, 2016 and 2017 and in the nine months ended December 31, 2017, disbursement in the mortgage finance segment was ₹ 17,315.20 million, ₹ 14,300.78 million, ₹ 7,270.33 million and ₹ 4,164.27 million, 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. Low income, 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 English 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:

(₹ million)

Products	Fiscal 2015	Fiscal 2016	Fiscal 2017	Nine Months ended December 31, 2017
Housing Loans*	5,238.13	4,430.81	2,542.93	1,420.54
Loans Against Property	12,077.07	9,869.97	4,727.40	2,743.73
Total	**17,315.20**	**14,300.78**	**7,270.33**	**4,164.27**

** 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:

(₹ million)

Products	Fiscal 2015	Fiscal 2016	Fiscal 2017	Nine Months Ended December 31, 2017
Housing Loans*	8,564.70	9,626.95	8,503.24	7,675.16
Loans Against Property	19,922.37	24,050.77	21,794.31	20,170.54
Total	**28,487.07**	**33,677.72**	**30,297.55**	**27,845.70**

** 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 45.00% of our business has been directly sourced in the three month period ended December 31, 2017. 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 35.00% - 65.00%. 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 ₹ 1.80 million to ₹ 2.00 million. The average loan tenure approximately ranges from 30 months to 35 months.

AUM of SME financing segment represented 7.08%, 9.52%, 11.73% and 11.97% of our total AUM as of March 31, Fiscal 2015, 2016 and 2017 and as of December 31, 2017, respectively. Our AUM in the SME financing segment was ₹ 18,887.29 million as of March 31, 2017 and was ₹ 18,256.89 million in the nine months ended December 31, 2017. In Fiscal 2015, 2016 and 2017 and in the nine month period ended December 31, 2017, our disbursement in the SME financing segment was ₹ 10,183.63 million, ₹ 11,506.01 million, ₹ 12,083.26 million and ₹ 8,844.28 million, 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.

Gross written premium was ₹ 5,548.14 million, ₹ 4,273.67 million, ₹ 4,228.80 million and ₹ 3,654.41 million in Fiscal 2015, 2016 and 2017 and in the nine months ended December 31, 2017.

We believe that the growth in our general insurance segment has generally been in line with the growth of the general insurance industry in India. Our direct general insurance business gross written premium increased by 19.57% and our gross written premium including re-insurance inward increased by 25.72% in the nine months ended December 31, 2017 compared with the corresponding period in Fiscal 2017.

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. The contribution of bancassurance and other channels to our gross written premium in the nine months ended December 31, 2017 was 3.27% compared with 1.80% in the corresponding period in Fiscal 2017.

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, 2017, we had 86 branches across India.

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

***Motor Insurance*.** As part of our motor insurance products, we offer a commercial comprehensive package that covers any loss or damage sustained by a vehicle. Additionally, it also covers the 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 requirements under the Motor Vehicles Act. 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, critical illness insurance, 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.

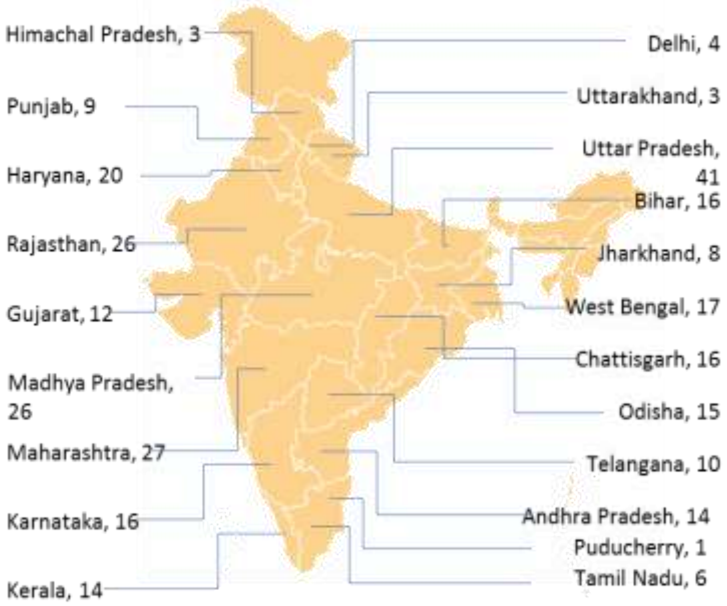
***Marine Insurance*.** Our marine insurance policies cover marine cargo both open and specific voyages.

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

Distribution Network

As of December 31, 2017, we had 304 branches located across 19 States and two Union Territories 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, 2017 is set out in the map below:



Note: Map not to scale

As of December 31, 2017, the north, south, west and eastern regions of India contributed 37.60%, 23.86%, 21.55% and 16.99% of our loan assets, respectively. In the nine months ended December 31, 2017, our disbursements in the north, south, west and eastern regions of India accounted for 39.27%, 25.40%, 18.74% and 16.59% 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 instalment payments, 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 90 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 collections 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.

As of December 31, 2017, we had a team of 969 FOS for recovery in 90+ days past due segment. The cases allotted per FOS dropped from 53 cases in March 2017 to 42 cases in the in December 2017, resulting in better collections in the harder buckets. Since September 2016, we have outsourced collections for the 540+ days past due segment. The 450+ days past due collections have also been outsourced to the exclusive team. As of December 31, 2017, we had a 19 member in-house team to supervise the collection efforts of this outsourced team in the 450+ days past due segment.

The gross 90+ days past due has reduced by approximately ₹ 2,500.00 million in the nine month period ended December 31, 2017 compared to an increase of approximately ₹ 3,600.00 million in the nine month period ended December 31, 2016. We had marginal NPAs in deep buckets with 730+ for asset backed finance segment, 450+ for SME finance segment and 180+ for mortgage finance segment in the beginning of Fiscal 2017 which is also a factor for lower provision coverage ratio.

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 2015, 2016 and 2017 and in nine months ended December 31, 2017, our Company entered into securitization and assignment transactions aggregating to ₹ 36,122.91 million, ₹ 14,338.81 million, ₹ 26,585.42 million and ₹ 15,313.12 million, respectively.

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 has no disclosed problems and does not carry a risk higher than is normally associated with the business;

Sub-standard Asset – An asset that has been an NPA (as defined below) for a period not exceeding 14 months, provided that the period 'not exceeding 14 months' shall be '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 14 months, provided that the period 'not exceeding 14 months' shall be '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; 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.

Standard Assets Provisioning: Every applicable NBFC shall 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. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.

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 10.00% with effect from March 31, 2017. Our capital adequacy ratios were 16.30%, 18.72%, 20.37% and 20.28%, as of March 31, 2015, 2016 and 2017 and as of December 31, 2017, respectively. Information related to our Company's capital adequacy ratio, for the dates specified are set out below:

(₹ million, except ratios and percentages)

	As of March 31,			**As of December 31, 2017**
	2015	**2016**	**2017**	
Tier I Capital	13,244.82	17,709.91	16,326.24	16,984.56
Tier II Capital	6,226.05	4,994.54	5,258.35	4,254.12
Total Capital	19,470.87	22,704.45	21,584.58	21,238.69
Total Risk Weighted Assets	119,457.76	121,287.72	105,986.59	104,713.92
Capital Adequacy Ratio				
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	11.09%	14.60%	15.40%	16.22%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	5.21%	4.12%	4.96%	4.06%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	16.30%	18.72%	20.37%	20.28%

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 further information, refer to "***Selected Statistical Information – Additional Information***" on page 61. 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 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

We have marginal exposure to foreign exchange risk, since or disbursements are in Indian Rupees and also borrowings are in the nature of domestic Rupee debt. Wherever limited foreign exchange exposure exists, we have entered into appropriate currency hedging to adequately cover up the foreign exchange risk. As of December 31, 2017, our Company had an outstanding foreign currency non-repatriable loan of US$ 7.81 million. This loan has been hedged to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has also been swapped for fixed rate in Indian rupee. We did not have any un-hedged foreign currency exposure as on December 31, 2017.

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

Our current credit ratings are set forth below:

Rating Agency	Type of Instrument	Rating
Care	Fund based and non-fund based from banks	AA-
	Short Term Debt (Commercial Paper)	A1+
	Secured Redeemable Long Term Bond/Note	AA-
	Unsecured Subordinate Tier II Bonds	AA-
	Perpetual debt instruments	A+
ICRA	Fund based based from banks	AA-
	Secured Redeemable Long Term Bond/Note	AA-
India Ratings	Fund based based from banks	AA-

Rating Agency	Type of Instrument	Rating
	Secured Redeemable Long Term Bond/Note	AA-
Brickwork	Unsecured Subordinate Tier II Bonds	AA
	Perpetual debt instruments	AA-
SMERA	Unsecured Subordinate Tier II Bonds	AA
CRISIL	Short Term Debt (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, 2017, we had 7,057 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 our employees undertake to obtain mandatory certifications 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, 2016 (Highway Heroes)
- Corporate CSR Best Practice – Runner up – NHRDN CSR Competition, 2016 (Highway Heroes)
- BT CSR Excellence Awards – Innovation in CSR Practices, 2017 (Highway Heroes)
- Asian Customer Engagement Forum & Awards - Best CSR Event, 2017 (Highway Heroes)
- CSR Journal Excellence Award - Health and Sanitation, 2017 (M Care)
- Best Corporate Social Responsibility Practices - Asia Pacific HRM Congress Awards 2016

Human Resources

- CII National HR Excellence Award – Confluence and Conclave, 2015
- Highest Job Creator (above ₹ 10 billion) – ET Bengal Corporate Awards 2016

Information Technology

- Best use of Mobile Technology in Financial Services – BFSI Awards 2016
- FINNOVITI Award 2016 for Mobility
- CIO Crown – Digital Innovation Award, 2017

Corporate Communication

- League of American Communications Professionals (LACP) Spotlight Awards, 2010, 2011, 2012, 2013, 2014, 2016, 2017 for Annual Report Design
- 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 also 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, 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, India. Our branches are located at premises owned, leased or licensed to us. As of December 31, 2017, we had a network of 304 branches spread across 19 States and two Union Territories in India.

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, Central Goods and Services Tax Act, 2017, labour statutes such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous 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.

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 ₹ 2.5 million to ₹ 20 million 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 ₹ 20 million by the end of 1 April 2017. NBFCs failing to maintain NOF of ₹ 20 million are not eligible to hold a certificate of registration as an NBFC.

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-public 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.

Regulation of NBFCs registered with the RBI

As an NBFC, we are primarily governed by the RBI Act and the *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**"), 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, 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 Reserve Bank 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) Systematically important core investment companies;
(vi) Infrastructure debt fund – NBFCs;
(vii) NBFC- non-operative financial holding company; and/or
(viii) Mortgage guarantee company;
(ix) NBFC- Non-operative financial holding company; and/or
(x) NBFC – micro finance institutions.

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 ₹ 5,000 million and above as per the last audited balance sheet. Moreover, all NBFCs-ND with assets of ₹ 5,000 million 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 ₹ 20 million (Rupees Twenty million 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 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.

Maintenance of liquid assets

The RBI has prescribed that every NBFC shall invest, and continue to invest, in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day, be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the close of business on the last working day of the second preceding quarter.

Rating of Financial Product

As per the Master Directions, all NBFCs with asset size of ₹ 1,000 million 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.

Norms for 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. 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 same 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 would have to be annualized 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.

Loan-to-value guidelines

The RBI *vide* the Master Directions, directed all NBFCs to: (i) maintain a loan-to-value ratio not exceeding 75% for loans granted against the collateral of gold jewellery and; (ii) disclose in their balance sheet the percentage of such loans to their total assets. Further, NBFCs are also required to not grant any advance against bullion/primary gold, gold bullion, gold jewellery, gold coins, units of exchange traded funds and units of gold mutual fund. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) are required to maintain a minimum tier I capital of 12.00%.

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.

Provisioning Requirements

An NBFC-ND, 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 NBFC-ND-SI is required to maintain, with effect from April 1, 2007, a minimum capital ratio consisting of tier I and tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the tier II capital of a NBFC-MFI shall not exceed 100% of the tier I capital.

Tier-I capital is defined as owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a NBFC-ND-SI in each year to the extent it does not exceed 15% of the aggregate tier I capital of such company as on March 31 of the previous accounting year. Further the RBI *vide* its circular dated March 27, 2015 require the NBFCs primarily engaged in the business of lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum tier l capital of 12%.

Owned Funds are defined as paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II capital is defined to include the (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for tier I capital to the extent that the aggregate tier-II capital does not exceed 15% of the tier -I capital.

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. 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. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings. Any NBFC-ND-SI classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its board of directors. The loans and investments of the NBFC-ND-SI taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A NBFC-ND-SI may, make an application to the RBI for modification in the prescribed ceilings.

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 systematically important ND NBFCs having an asset size above ₹ 5,000 million 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 ₹ 5,000 million 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 ₹ 0.10 million and above, and if the fraud is of ₹ 10 million 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***" at page 68 and "***Summary of key differences between Indian GAAP and IndAS***" at page 148.

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.

In addition to the above the RBI has issued guidelines *vide* the Master Circular on Bank Finance to Non-Banking Financial Companies bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

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 "**Ombudmen**") 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 allegeing 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 adqequate 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 ₹ 1,000 million, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹ 200 million 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 ₹ 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 1 million. 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 ₹ 0.10 million for each day during which contravention continues, ranges from ₹ 10.00 million to ₹ 250.00 million 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 ₹ 10 million , 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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 provide that the number of Directors shall not be less than three and not more than 15. At present, our Company has eight Directors including two executive Directors and six non-executive Directors (including four independent Directors). Our non-executive 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 Placement Document:

Sr. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
1.	**Mayank Poddar** Address: 24, Park Street, Kolkata 700 016, West Bengal, India DIN: 00009409 Term: Five years from July 1, 2016 (liable to retire by rotation) Nationality: Indian Occupation: Business	64	Chairman emeritus and whole time Director
2.	**Narayan K. Seshadri** **Address:** Flat no. 10, 7th floor Skylark CHS Limited, Little Gibbs Road, Malabar Hill, Mumbai 400 006, Maharashtra, India **DIN:** 00053563 **Term**: Five years from September 25, 2014 **Nationality**: Indian **Occupation**: Business	60	Chairman and independent Director

Sr. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
3.	**Sanjay Chamria** Address: 22/1, Belvedere Road, 10th floor, Alipore, Kolkata, 700 027, West Bengal, India DIN: 00009894 Term: Five years from April 1, 2016 (liable to retire by rotation) Nationality: Indian Occupation: Business	53	Vice-chairman and managing Director
4.	**V. K. Viswanathan** Address: Apartment F 01, First Floor, Legacy Caldera, 56, SRT Road, Cunningham Cross Road, Bangalore 560 052, Karnataka, India DIN: 01782934 Term: Five years from August 13, 2016 Nationality: Indian Occupation: Business	67	Independent, Director
5.	**Satya Brata Ganguly** Address: Flat no. 16B, Minto Park, 13 D L Khan Road, Kolkata 700 027, West Bengal, India DIN: 00012220 Term: Five years from September 25, 2014 Nationality: Indian Occupation: Business	75	Independent Director
6.	**Nabankur Gupta** Address: 11, Jayashree, 75, Worli Seaface, Worli, Mumbai 400 025, Maharashtra, India DIN: 00020125 Term: Five years from September 25, 2014 Nationality: Indian Occupation: Business	69	Independent Director

Sr. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
7.	**Madhumita Dutta Sen** Address: 4429, Fessenden Street NW, Washington, DC 20016-4065, USA DIN: 07885010 Term: From August 29, 2017 till next AGM Nationality: American Occupation: Development finance professional	58	Non-executive additional Director
8.	**Sanjay Nayar** Address: Flat No. 9, The Rushilla Co-op Housing Society Limited, 17/C, Carmichael Road, Mumbai 400 026, Maharashtra, India DIN: 00002615 Term: Liable to retire by rotation Nationality: Indian Occupation: Business	57	Non-executive Director

Biographies of the Directors

Mayank Poddar

Mayank Poddar, aged 64 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

Narayan K. Seshadri, aged 60 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

Sanjay Chamria, aged 53 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

V.K. Viswanathan, aged 67 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

Satya Brata Ganguly, aged 75 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, Rupa and Company Limited, Paharpur Cooling Towers Limited and Emami Limited. He has been associated with our Company since 2010.

Nabankur Gupta

Nabankur Gupta, aged 69 years, is an independent director on our Board. He holds a bachelor's degree in electrical engineering from Indian Institute of Technology, Delhi. He has previously served as the group president and a whole time director of Raymond Limited. Currently, he is a director on the board of certain companies including Raymond Limited (as an independent director), VIP Industries Limited, Cravatex Limited, J.K. Helene Curtis Limited, Videocon D2H Limited and Quantum Advisors Private Limited. The "Uttar Pradesh Ratna" award has been conferred on him by the Uttar Pradesh Mahasangh. He has also been conferred the "Outstanding Contribution for National Development" award by the Indian Institute of Technology, Delhi, the "Exemplary Leader Award" at the Indy's Awards for Excellence in Mass Communication and the "Lifetime Achievement Award" at the Great Marketing Influencers 2016 by BBC Knowledge and felicitated as a part of the "21st Century Leaders & Paradigm Pioneers" by Aptech Limited,. He has been on our Company's board of directors since 2008.

Madhumita Dutta Sen

Madhumita Dutta Sen, aged 58 years, is a non-executive additional director on our Board. She holds a masters 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.

Sanjay Nayar

Sanjay Nayar, aged 57 years, is a non-executive director of our Company on our Board. He holds a bachelor's degree in mechanical engineering from the University of Delhi and has completed a post graduate diploma in management from Indian Institute of Management, Ahmedabad. He is the chief executive officer of KKR India Advisors Private Limited in India. He has served as the chief executive officer of Citibank N.A. in India. He is on the board of certain of Kohlberg Kravis Roberts & Co's portfolio companies including Coffee Day Global Limited, Bharti Infratel Limited and Apollo Hospitals Enterprise Limited. He also supports expanding the range of KKR's credit and capital markets offerings. He has been associated with our Company since 2011.

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 ₹ 250,000,000,000 (Rupees Two hundred and fifty billion).

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. All of our Executive Directors may be deemed to be interested to the extent of remuneration payable to them.

Further, Nabankur Gupta and V.K. Viswanathan may also be regarded as interested to the extent of any Equity

Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. Mayank Poddar and Sanjay Chamria may be regarded as interested to the extent of any Equity Shares held by, or subscribed by and allotted to, the companies, firms and trusts, in which they are interested as directors, members, partners or trustees.

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 shares held in our Company by our Directors, as on March 31, 2018 are provided in the table given below:

S. No.	Name of Director	No. of Equity Shares held
1. .	Nabankur Gupta	5,000
2.	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 Placement Document.

Terms of appointment and remuneration of executive Directors

Mayank Poddar

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 of our Shareholders and the agreement dated September 19, 2016 executed by Mayank Poddar with our Company is as follows:

Category	Particulars
Basic salary	₹ 500,000 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- 40% of basic salary- ₹ 200,000 per month (b) Special allowance - ₹ 423,045 per month (c) Medical reimbursement- Expenses incurred for himself and his family in accordance with the rules of our Company (d) Leave travel concession: Reimbursement of expenses 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. (e) Club membership- Reimbursement of membership fee including admission and annual membership fee for one club in India. (f) Provident fund- Contribution to provident fund not exceeding 12% of his salary or such percentage limit as may be prescribed under income tax legislation. (g) Gratuity- Gratuity payable shall not exceed half a month’s salary for each completed year of service. (h) 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. (i) Mayank Poddar shall not be entitled to any sitting fee for attending meetings of the Board or any committee thereof.

Category	Particulars
	(j) 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 the agreement dated September 19, 2016 executed by Sanjay Chamria with our Company as amended by the amendment agreement dated June 20, 2017 is as follows:

Category	Particulars
Basic salary	₹ 666,667 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- ₹ 333,334 per month (b) Special allowance - ₹ 497,808 per month (c) Medical reimbursement- Expenses incurred for himself and his family in accordance with the rules of our Company (d) Leave travel concession: Reimbursement of expenses 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. (e) Club membership- Reimbursement of membership fee including admission and annual membership fee for one club in India. (f) Provident fund- Contribution to provident fund not exceeding 12% of his salary or such percentage limit as may be prescribed under income tax legislation. (g) Gratuity- Gratuity payable shall not exceed half a month's salary for each completed year of service. (h) 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. (i) Sanjay Chamria shall not be entitled to any sitting fee for attending meetings of the Board or any committee thereof. (j) 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

Remuneration to non-executive directors is payable by way of sitting fees for meetings of the Board and commitees of the Board where they are members, as mentioned below:

(a) ₹ 100,000 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) ₹ 100,000 per meeting to the independent directors serving as members of the IT Strategy Committee pursuant to the resolution of our Board dated August 2, 2017.

(c) ₹ 10,000 per meeting of the Asset & Liability Management Committee pursuant to the resolution of our Board dated August 1, 2015.

(d) ₹ 10,000 per meeting of the Review Committee pursuant to the resolution of our Board dated November 4, 2015.

(e) ₹ 10,000 per meeting of the Management Committee and the Stakeholders Relationship Committee pursuant to the resolution of the Board dated January 14, 2011.

Remuneration paid in current year and last three Fiscals

The following table sets forth the remuneration (which includes sitting fees and commission) paid by our Company to our Directors during the current Fiscal and the last three Fiscals:

(in ₹ millions)

Name of Directors	Fiscal 2019*	Fiscal 2018**	Fiscal 2017	Fiscal 2016
Narayan K Seshadri	Nil	1.73	0.29	7.72
Mayank Poddar	Nil	15.00	15.00	15.00
Sanjay Chamria	Nil	20.00***	15.00	31.00
Nabankur Gupta	Nil	1.62	0.26	3.16
Satya Brata Ganguly	Nil	1.92	0.53	2.37
Sanjay Nayar	Nil	0.30	0.08	0.14
V.K. Viswanathan	Nil	1.92	0.14	N.A.
Madhumita Dutta-Sen	Nil	0.20	N.A.	N.A.
Neil Graeme Brown****	N.A.	N.A.	N.A.	3.62
Ritva Kaarina Laukkanen****	N.A.	0.20	0.08	0.06

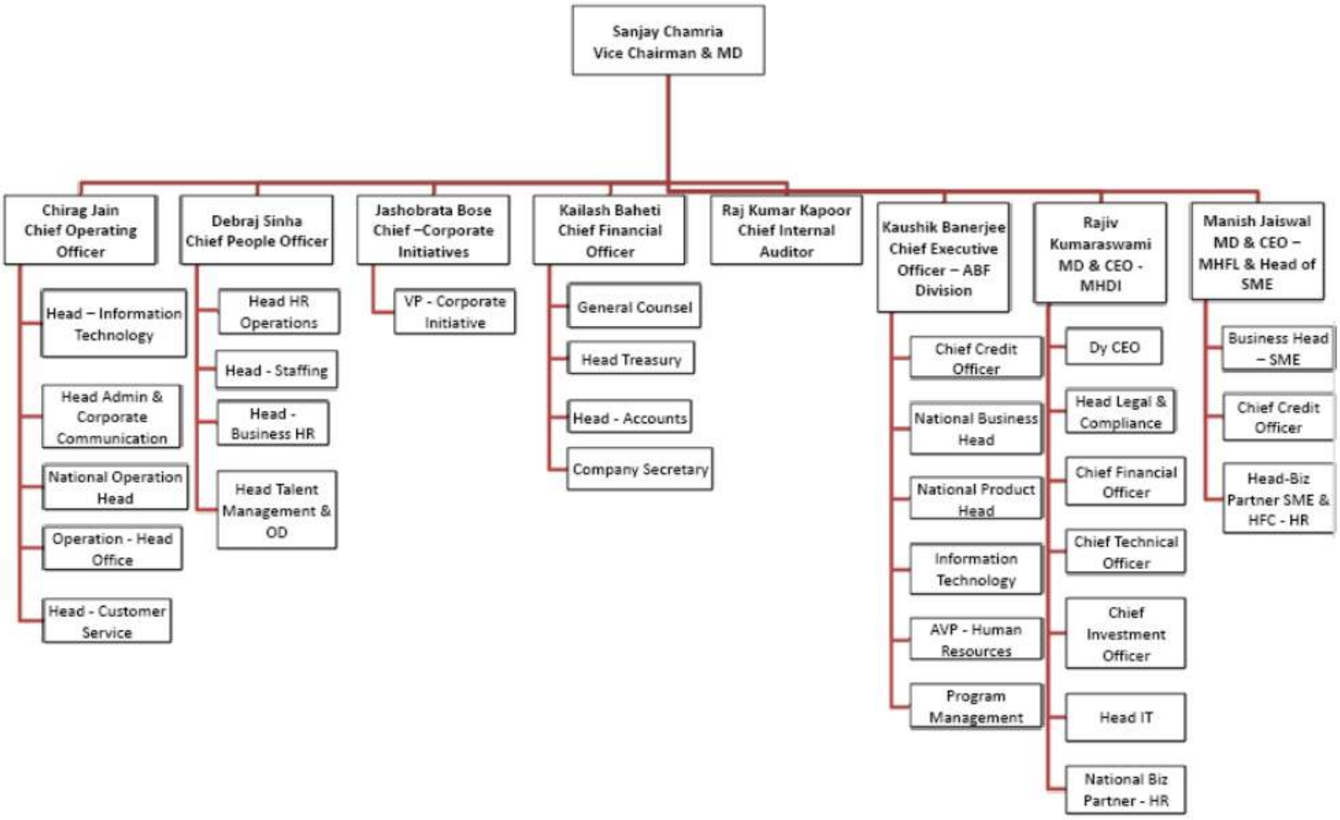
** Till the date of this Placement Document.*

*** Above excludes the total provision of ₹ 18 million for payment of commission to our independent Directors provided for Fiscal 2018. Such payment of commission to our independent Directors is subject to the approval of our Board based on the recommendation of the Nomination and Remuneration and Committee of the Board at the time of approval of annual accounts of our Company.*

**** Above excludes the total provision of ₹ 18 million for payment of commission to Sanjay Chamria provided for Fiscal 2018. Such payment of commission to Sanjay Chamria is subject to the approval of our Board based on the recommendation of the Nomination and Remuneration and Committee of the Board at the time of approval of annual accounts of our Company.*

***** Erstwhile Directors of our Company.*

Organisational chart 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, Naur 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 Insitute 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 Ltd. 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.

Jashobrata Bose, is the senior vice-president (corporate initiatives) of our Company. He has a bachelor's degree in engineering from the Birla Institute of Technology & Science, Pilani and a post graduate diploma in business management from XLRI Jamshedpur. He has previously served as a director-strategy of Sanofi India Limited. He has been associated with our Company since May 1, 2016.

Debraj Sinha, is the chief people officer of our Company. He holds a bachelor's degree in commerce from the University of Pune and a master's degree in personnel management from the University of Pune. He has served as the Director & Chief People Officer of Max Bupa Health Insurance Company Limited. He has been associated with our Company since November 1, 2016.

Raj Kumar Kapoor, is the chief internal auditor of our Company. He is an associate member of the Institute of Chartered Accountants of India, awarded the designation of a "Certified Internal Auditor" by the Institute of Internal Auditors and has been awarded membership as 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.

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, Chief Financial Officer

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, investor relations, accounts, tax and corporate legal matters. He has been associated with our Company since October 18, 2011.

Shabnum Zaman, Company Secretary

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

Shareholding of key managerial personnel

The following table sets forth details regarding the shareholding of the key managerial personnel in our Company as at March 31, 2018:

Name	Number of Equity Shares
Kailash Baheti	50,000

The following table sets forth details regarding the number of restricted stock options granted to our key managerial personnel under MRSOP as on April 2, 2018:

Name	Options awarded	Options vested	Options outstanding	Date of lapsing of options
Kailash Baheti	70,000	Nil*	70,000	March 31, 2022

* *The options awarded to Kailash Baheti shall vest on March 31, 2019 and if vested, would be exercisable within 36 months from the date of vesting.*

The following table sets forth details regarding the number of options granted to our key managerial personnel under MESOP as on April 2, 2018:

Name	Options granted	Options vested	Options outstanding	Date of lapsing of options
Kailash Baheti	131,993	NIL	131,993	April 1, 2025

Interest of key managerial personnel

The key managerial personnel of our Company (other than Kailash Baheti) do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per the terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. In addition to the above, Kailash Baheti is interested in our Company to the extent of the Equity Shares held and the restricted stock options awarded to him under the MRSOP.

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; and

(iv) Corporate Social Responsibility Committee.

The following table sets forth the details of the members of the aforesaid committees as of the date of this Placement Document:

Committee	Members	
Audit Committee	(a) Narayan K. Seshadri	Chairman
	(b) V.K. Viswanathan	Member
	(c) Satya Brata Ganguly	Member
	(d) Sanjay Nayar	Member
	(e) Nabankur Gupta	Member
Nomination and Remuneration Committee	(a) Nabankur Gupta	Chairman
	(b) Narayan K. Seshadri	Member
	(c) Satya Brata Ganguly	Member
	(d) V.K. Viswanathan	Member
	(e) Sanjay Nayar	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

Policy on disclosures and internal procedure for prevention of insider trading

Our Company has adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price

Sensitive Information' and 'Code of Conduct for Prohibition of Insider Trading' (the "**Code**") in compliance with the Insider Trading Regulations. The objective of the Code is to regulate, monitor and report trading by employees and other connected persons towards achieving compliance with the Insider Trading Regulations The Code has been formulated to maintain the confidentiality and to prevent the misuse of unpblished price sensitive information and to elucidate and inform all connected persons of their responsibility and duty to preserve the confidentiality of unpublished price sensitive information obtained in the course of such person's day to day operations and association with our Company. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with securities of our Company and cautions designated persons and connected persons of the consequences of violations.

Other confirmations

None of the Directors, Promoter and Promoter Group or key managerial personnel of our Company have any financial or other material interest in the Issue.

Neither our Company, nor our Directors or Promoter and Promoter Group have ever been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

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.

Related Party Transactions

For details in relation to the related party transactions entered into by our Company during the last three Fiscals, as per the requirements under AS 18 issued by the Institute of Chartered Accountants in India, see "***Financial Statements***" beginning on page 276.

PRINCIPAL SHAREHOLDERS

The following tables set forth the details regarding the shareholding pattern of our Company, as on March 31, 2018:

I. Summary statement holding of specified securities

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
(A) Promoter & Promoter Group	7	65,752,083	65,752,083	27.74	65,752,083
(B) Public	17,264	171,276,589	171,276,589	72.26	170,326,434
(C1) Shares underlying DRs				0.00	
(C2) Shares held by Employee Trust				0.00	
(C) Non Promoter-Non Public				0.00	
Grand Total	**17,271**	**237,028,672**	**237,028,672**	**100.00**	**236,078,517**

II. Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
A1) Indian				0.00	
Individuals/Hindu undivided Family	4	481,580	481,580	0.20	481,580
ASHITA PODDAR	1	16,500	16,500	0.01	16,500
KALPANA PODDAR	1	55,080	55,080	0.02	55,080
MANSI PODDAR	1	285,000	285,000	0.12	285,000
SHAILI PODDAR	1	125,000	125,000	0.05	125,000
Any Other (specify)	3	65,270,503	65,270,503	27.54	65,270,503
CELICA DEVELOPERS PVT LTD	1	29,434,455	29,434,455	12.42	29,434,455

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
COLUMBINE DECORATIVE AND MARKETING PRIVATE LIMITED	1	1,820,120	1,820,120	0.77	1,820,120
MICROFIRM CAPITAL PRIVATE LIMITED	1	34,015,928	34,015,928	14.35	34,015,928
Sub Total A1	7	65,752,083	65,752,083	27.74	65,752,083
A2) Foreign				0.00	
A=A1+A2	**7**	**65,752083**	**65,752,083**	**27.74**	**65,752,083**

III. Statement showing shareholding pattern of the public shareholders

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % 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(Not Applicable)
B1) Institutions	0	0		0.00		0.00	
Mutual Funds/	4	9,427,207	9,427,207	3.98	9,427,207	3.98	9,427,207
ICICI PRUDENTIAL BANKING AND FINANCIAL SERVICES FUND	1	4,305,897	4,305,897	1.82	4,305,897	1.82	4,305,897
IDFC BALANCED FUND	1	3,167,078	3,167,078	1.34	3,167,078	1.34	3,167,078
Foreign Portfolio Investors	53	42,646,404	42,646,404	17.99	42,646,404	17.99	42,646,404
BANK MUSCAT INDIA FUND	1	8,754,888	8,754,888	3.69	8,754,888	3.69	8,754,888
HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY SMALLER COMPANIES	1	3,546,108	3,546,108	1.50	3,546,108	1.50	3,546,108
KKR MAURITIUS DIRECT INVESTMENTS I LTD.	1	3,674,831	3,674,831	1.55	3,674,831	1.55	3,674,831
LAVENDER INVESTMENTS LIMITED	1	1,885,1431	1,885,1431	7.95	18,851,431	7.95	18,851,431

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % 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(Not Applicable)
RIMCO INDIA LIMITED	1	3,000,000	3,000,000	1.27	3,000,000	1.27	3,000,000
Financial Institutions/ Banks	8	186,236	186,236	0.08	186,236	0.08	63,876
Any Other (specify)	4	70,495,153	70,495,153	29.74	70,495,153	29.74	70,495,148
QFI - Corporate	4	70,495,153	70,495,153	29.74	70,495,153	29.74	70,495,148
INTERNATIONAL FINANCE CORPORATION	1	23,000,000	23,000,000	9.70	23,000,000	9.70	23,000,000
LEAPFROG FINANCIAL INCLUSION INDIA HOLDINGS LTD	1	13,218,519	13,218,519	5.58	13,218,519	5.58	13,218,519
ZEND MAURITIUS VC INVESTMENTS LTD	1	34,276,629	34,276,629	14.46	34,276,629	14.46	34,276,629
Sub Total B1	69	122,755,000	122,755,000	51.79	122,755,000	51.79	122,632,635
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00	
B3) Non-Institutions	0	0		0.00		0.00	
Individual share capital upto Rs. 2 Lacs	15,250	10,025,866	10,025,866	4.23	10,025,866	4.23	9,226,066
Individual share capital in excess of Rs. 2 Lacs	6	1,023,262	1,023,262	0.43	1,023,262	0.43	1,023,262
Any Other (specify)	1,939	37,472,461	37,472,461	15.81	37,472,461	15.81	37,444,471
Bodies Corporate	287	33,531,196	33,531,196	14.15	33,531,196	14.15	33,503,371
TRUE NORTH FUND V LLP	1	28,255,524	28,255,524	11.92	28,255,524	11.92	28,255,524
Non-Resident Indian (NRI)	1,544	3,228,752	3,228,752	1.36	3,228,752	1.36	3,228,587
Clearing Members	106	430,177	430,177	0.18	430,177	0.18	430,177
IEPF	2	282,336	282,336	0.12	282,336	0.12	282,336
Sub Total B3	17,195	48,521,589	48,521,589	20.47	48,521,589	20.47	47,693,799
B=B1+B2+B3	**17,264**	**171,276,589**	**171,276,589**	**72.26**	**171,276,589**	**72.26**	**170,326,434**

IV. Statement showing shareholding pattern of the non-promoter- non-public shareholders

Category & Name of the Shareholders(I)	No. of shareholder(III)	No. of fully paid up equity shares held(IV)	Total no. shares held(VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of equity shares held in dematerialized form(XIV)(Not Applicable)
C1) Custodian/DR Holder	0	0		0.00	
C2) Employee Benefit Trust	0	0		0.00	

V. Details of disclosure made by the Trading Members holding 1% or more of the Total No. of shares of our Company

Sl. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	NIL	NIL	NIL	NIL	NIL

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisors in this regard. *See* "***Selling Restrictions***" *and* "***Transfer Restrictions***" *beginning on pages 236 and 244, respectively.*

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations, Section 42 and Section 62 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, through the mechanism of a QIP wherein a listed company in India may issue and allot equity shares to QIBs on a private placement basis provided, *inter alia*, that:

- a special resolution approving the QIP is passed by shareholders of the issuer. Such special resolution must specify (a) that the allotment of equity shares is proposed to be made pursuant to a QIP; and (b) the relevant date;
- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, have been listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;
- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same Fiscal does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of the issuer as per the audited balance sheet of the previous Fiscal;
- the issuer shall have completed allotments with respect to any offer or invitation made earlier by the issuer or shall have withdrawn or abandoned any invitation or offer previously made by the issuer;
- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the eligible QIB to whom the offer is made and is sent to the allottee/QIB within 30 days of recording the names of such eligible QIBs;
- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- prior to circulating the private placement offer letter, the issuer must prepare and record a list of eligible QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe;
- the issuer shall offer to each allottee such number of equity shares in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the equity shares; and
- at least 10% of the equity shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs.

Bidders are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement for pricing the equity shares offered in a QIP under the SEBI ICDR Regulations. The floor price of the equity shares offered in a QIP shall not be less than the average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the relevant date. Provided however that an issuer may offer a discount of not more than 5% on the price calculated for the QIP as above, subject to the approval of the shareholders by a special resolution pursuant to Regulation 82(a) of the SEBI ICDR Regulations.

The "Relevant Date" referred to above, means the date of the meeting in which the board of directors or the committee of directors duly authorized by the board of directors decides to open the proposed issue and the "Stock Exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

Equity shares must be allotted within 12 months from the date of the shareholders resolution approving the QIP and also within 60 days from the date of receipt of application money from the successful applicants. The equity shares issued pursuant to the QIP must be issued on the basis of a preliminary placement document and a placement document that shall contain all material information including the information specified in Schedule XVIII of the SEBI ICDR Regulations and Form PAS- 4.

This preliminary placement document and the placement document are private documents provided to only select QIBs, through serially numbered copies and are required to be placed on the website of the concerned stock exchanges and of the issuer with a disclaimer to the effect that they are in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

Securities allotted to a QIB pursuant to a QIP shall not be sold by the allottee for a period of one year from the date of allotment except on a recognised stock exchange in India.

The minimum number of allottees for each QIP shall not be less than:

1. Two, where the issue size is less than or equal to ₹ 2,500 million; and
2. Five, where the issue size is greater than ₹ 2,500 million.

No single allottee shall be allotted more than 50% of the issue size or less than ₹ 20,000 of face value of Equity Shares. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee for this purpose.

In terms of Regulation 89 of the SEBI Regulations, the aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of our Company as per its audited balance sheet of the previous Financial Year.

The issuer shall also make the requisite filings with the RoC, Stock Exchanges, and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Our Company has filed a copy of the Preliminary Placement Document and a copy of this Placement Document with the Stock Exchanges.

Our Company has received the in-principle approval of the Stock Exchanges on April 5, 2018 in terms of Regulation 28(1) of the SEBI Listing Regulations for the Issue. The Board of Directors has authorized the Issue pursuant to a resolution passed at its meeting held on November 9, 2017. The shareholders of our Company have authorized the Issue pursuant to a special resolution passed through postal ballot on December 22, 2017.

The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see the sections "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 236 and 244, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company and the Book Running Lead Managers shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic form or physical form, to QIBs and the Application Form shall be specifically addressed to such QIBs. Pursuant to section 42(7) of the Companies Act, 2013, our Company shall maintain complete record of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and with SEBI within the stipulated time period as required under the Companies Act, 2013 and the rules made thereunder.

2. The list of QIBs to whom the Preliminary Placement Document and the Application Form is delivered shall be determined by the Book Running Lead Managers at their sole discretion. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such other person and any application that does not comply with this requirement shall be treated as invalid.

3. QIBs may submit the Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Managers.

4. QIBs shall submit Bids for, and our Company shall offer and allot to each successful Allottee at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000 calculated at the face value of the Equity Shares.

5. QIBs will be required to indicate the following in the Application Form:

   (a) name of the QIB to whom Equity Shares are to be Allotted;

   (b) number of Equity Shares Bid for;

   (c) price at which they offer to apply for the Equity Shares provided that QIBs may also indicate that they are agreeable to submit an Application Form at "Cut-off Price" which shall be any price as may be determined by our Company in consultation with the Book Running Lead Managers at or above the Floor Price, net of such discount as approved in accordance with SEBI ICDR Regulations and decided by the Board/the Committee of Directors;

   (d) a representation that it is outside the United States and is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and it has agreed to all the representations set forth in the Application Form;

   (e) the details of the beneficiary account(s) maintained with the depository participant(s) to which the Equity Shares should be credited; and

   (f) that it has agreed to certain representations set forth in the Application Form.

NOTE**:** *Eligible FPIs are required to indicate the SEBI FPI registration number in the Application Form.*

6. Once a duly completed Application Form is submitted by the QIB, such Application Form constitutes an irrevocable offer and the same cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form.

7. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Under the current regulations, the following restrictions are applicable for investments by Mutual Funds: No mutual fund scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. Bidders are advised to ensure that any single Bid from them does not exceed the

investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

8. Based on the Application Forms received, our Company shall, after closure of the Issue, in consultation with the Book Running Lead Managers, determine the final terms including QIBs to whom such Equity Shares shall be allocated, the Issue Price and the number of Equity Shares to be issued pursuant to the Issue. We shall notify the Stock Exchanges of the Issue Price. Our Company shall also intimate the Stock Exchanges about the meeting to decide the Issue Price, two working days in advance (excluding the date of the intimation and the date of the meeting). On determining the Issue Price and the QIBs to whom Allocation shall be made, the Book Running Lead Managers, shall on behalf of our Company, send the CANs along with a serially numbered Placement Document to the QIBs who have been Allocated Equity Shares either in electronic form or by physical delivery. The dispatch of the CANs shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB, payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIBs.

   Following the receipt of the CAN, each QIB would have to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price through electronic transfer to the Escrow Bank Account by the Pay-in Date as specified in the CAN sent to the respective QIB. **Please note that the allocation shall be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Managers.**

9. No payment shall be made by QIBs in cash. Please note that any payment of application monies for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received.Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.

10. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CAN to the QIBs. Our Company will intimate the details of the Allotment to the Stock Exchanges.

11. After passing the resolution for Allotment, our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the depository participant by the eligible QIBs.

12. After receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary account maintained with the depository participant of the respective QIB in accordance with the details submitted by the QIBs in the Application Forms.

13. Our Company shall then apply to Stock Exchanges for the final listing permission.

14. The Equity Shares that have been credited to the beneficiary account maintained with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approval from Stock Exchanges.

15. Upon receipt of the final listing and trading approval from the Stock Exchanges, our Company shall inform the QIBs who have received Allotment of the receipt of such approval.

16. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approval granted by the Stock Exchanges is also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from Stock Exchanges.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of Chapter VIII of the SEBI ICDR Regulations are eligible to invest in the Issue. Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made, either directly or indirectly, to any QIB who is a Promoter or any person related to the Promoters. Currently QIBs include:

- Alternate investment funds registered with SEBI;
- Eligible FPIs;
- Foreign venture capital investors registered with SEBI;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- 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, India;
- Multilateral and bilateral development financial institutions;
- Mutual funds registered with SEBI;
- Pension Funds with minimum corpus of ₹ 250 million;
- Provident Funds with minimum corpus of ₹ 250 million;
- Public financial institutions as defined in section 2(72) of the Companies Act, 2013;
- Scheduled commercial banks;
- State industrial development corporations;
- 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;
- Venture capital funds registered with SEBI; and
- Systemically important non- banking financial company having a net-worth of more than ₹ 5,000 million as per the last audited financial statements.

Foreign Portfolio Investors are permitted to participate in the Issue subject to compliance with applicable law and such that the shareholding of the Foreign Portfolio Investors does not exceed specified limits as prescribed under applicable law in this regard.

All non-resident QIBs shall ensure that the investment amount is paid as per RBI's notification no. FEMA 20(R)/ 2017-RB dated November 7, 2017, as amended from time to time.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10.00% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of our paid-up Equity Share capital, provided that the aggregate limit of 24% may be increased by our Company up to the applicable sectoral cap by way of a resolution passed by our Board followed by a special resolution passed by our Shareholders. Under FEMA, we are entitled to 100% FDI inflow. Our Board has through its resolution dated June 15, 2009 and our Shareholders have through a special resolution dated July 1, 2009, approved the increase in the aggregate investment limit applicable to FPIs to 49%. The RBI had on December 13, 2013 notified such increase in investment limits by our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being our Promoter or any person related to our Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to our Promoters:

(i) Rights under a shareholders' agreement or voting agreement entered into with our Promoter or persons related to our Promoter;

(ii) Veto rights; or

(iii) A right to appoint any nominee director on the Board.

Provided however that a QIB which does not hold any Equity Shares in our Company and who has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be a person related to the Promoter.

Neither our Company nor the Book Running Lead Managers nor any of their respective directors, officers, counsels, advisors, representatives, agents or affiliates are liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Preliminary Placement Document and this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document and this Placement Document. Further, QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. QIBs are advised to consult their advisers in this regard. Furthermore, QIBs are required to satisfy themselves that their Application Form would not eventually result in triggering a tender offer under the Takeover Regulations.

Note: Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue subject to compliance with applicable laws.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. Specifically, investments by FVCIs are required to be made in compliance with Schedule 1 of FEMA 20.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Bid Process

Application Form

QIBs are permitted to only use the serially numbered Application Forms (which is addressed to the QIB) supplied by our Company and the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including any revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including revisions thereof) for Equity Shares pursuant to the terms of the Preliminary Placement Document, each QIB will be deemed to have made the following representations and warranties, and the representations, warranties, acknowledgements and agreements made under "*Representations by Investors*". The representations listed in this section shall be included in the Application Form:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and has a valid and existing registration under the applicable laws of India and is eligible to participate in the Issue and is not excluded under Regulation 86 of the SEBI ICDR Regulations;

2. The QIB confirms that it is not a Promoter of our Company and is not a person related to the Promoter of our Company, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or a person related to the Promoter of our Company;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of our Company other than such rights acquired in the capacity of a lender (not holding any Equity Shares) which shall not be deemed to be a person related to the Promoters;

4. The QIB acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. The QIB confirms that if Equity Shares are Allotted pursuant to the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted and together with any Equity Shares held by the QIB prior to the Issue. The QIB further confirms that its holding of the Equity Shares does not, and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that the Bids will not eventually result in triggering an open offer under the Takeover Regulations;

8. The QIB confirms that, to the best of its knowledge and belief, together with other QIBs participating in the Issue that belongs to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

   (a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

   (b) "Control" shall have the same meaning as is assigned to it by Clause 1(e) of Regulation 2 of the Takeover Regulations.

9. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges.

10. The QIB acknowledges, represents and agrees that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "**Holding**"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5.00% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the Takeover Regulations. In case such QIB is an existing shareholder who, together with persons acting in concert, holds 5.00% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the Takeover Regulations in the event of a change of 2% or more in the existing Holding of the QIB and persons acting in concert.

11. The QIB represents that it is outside the United States and is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S under the U.S. Securities Act and it has agreed to certain other representations set forth in the Application Form and is not our affiliate or a person acting on behalf of such an affiliate.

12. It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of the Preliminary Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on page 2, 4, 236 and 244, respectively.

Our Company and the Book Running Lead Managers have circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic form or physical form, to QIBs and the Application Form has been specifically addressed to such QIBs. On the Bid/Issue Closing Date, post the Bidding Period, our Company, in consultation with the Book Running Lead Managers, has determined the Issue Price for the Equity Shares, which is above the Floor Price. After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the details of the Issue and filed this Placement Document with the Stock Exchanges. The Book Running Lead Manager shall circulate serially numbered copies of the Placement Document, either in electronic form or physical form, to QIBs and the Application Form has been specifically addressed to such QIBs.

QIBs MUST PROVIDE THEIR PAN, DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE QIB SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE. IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as an address and a bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by the QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Issuer in favour of the QIB.

Submission of Application Form

All Application Forms shall be required to be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied. The Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following addresses:

Name of the BRLMs	Address	Contact Person	E-mail	Phone
IIFL Holdings Limited	10th Floor IIFL Centre, Kamala City Senapati Bapat Marg Lower Parel (West) Mumbai 400 013, Maharashtra, India	Sachin Kapoor/ Rajshekhar Swamy	magma.qip@ iiflcap.com	Tel: +91 22 4646 4600 Fax: +91 22 2493 1073
Kotak Mahindra Capital Company Limited	1st Floor, 27 BKC, Plot No. 27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India	Ganesh Rane	Magma.ipo@kotak.com	Tel: +91 22 4336 0000 Fax: +91 22 6713 2447
Edelweiss Financial Services Limited	14th Floor, Edelweiss House Off. C.S.T Road, Kalina Mumbai 400 098, Maharashtra, India	Siddharth Shah / Pradeep Tewani	magma.qip@edelweissfin.com	Tel: +91 22 4009 4400 Fax: +91 22 4086 3610
Emkay Global Financial Services Limited	7th Floor, The Ruby, Senapati Bapat Marg, Dadar – West Mumbai 400 028, Maharashtra, India	Ajay Parmar/Deepak Yadav	qip.mfl@emkayglobal.com	Tel: + 91 22 6612 1212 / + 91 22 6624 2412 Fax: + 91 22 6612 1299

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each QIB should mention its Permanent Account Number ("**PAN**") allotted under the IT Act. **The copy of the PAN card is required to be submitted with the Application Form.** Bids without this information will be considered incomplete and is liable to be rejected. It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the book

The QIBs shall submit their Bids (including the revision thereof) through the Application Form within the Bidding Period to the Book Running Lead Managers and cannot be withdrawn after the Bid/ Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price discovery and Allocation

Our Company, in consultation with the Book Running Lead Managers, has determined the Issue Price for the Equity Shares, which is above the Floor Price. After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the details of the Issue and filed this Placement Document with the Stock Exchanges.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Application Form being received at or above the Issue Price.

THE DECISION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBs. QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, AND QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Managers as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, our Company, in consultation with the Book Running Lead Managers, will, in its sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of the same in their respective names shall be notified to such QIBs. Additionally, the CAN would include details of Escrow Bank Account into which such payments would need to be made, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The QIBs who have been Allotted Equity Shares pursuant to the Issue, would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Book Running Lead Managers and our Company and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOCATED / ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for the Payment of Bid Money

Our Company has opened an escrow account titled 'Magma Fincorp Ltd-QIP-Escrow Account' (the "**Escrow Bank Account**") with the Escrow Bank in terms of the arrangements amongst our Company, the Book Running Lead Managers and ICICI Bank Limited, the Escrow Agent (acting as the Escrow Bank). The QIBs will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in their respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favouring the Escrow Bank Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, our Company and the Book Running Lead Managers have the right to re-allocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirements of the Companies Act, 2013 and the SEBI ICDR Regulations.

Our Company undertakes to utilise the amount in the Escrow Bank Account only for the purposes of: (i) adjustments against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the Escrow Bank Account as stated above.
2. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.
3. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.
4. Our Company reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.
5. Post receipt of the listing approval of the Stock Exchanges, the Issuer shall credit the Equity Shares into the Depository Participant account of the QIBs.
6. Following the Allotment and credit of Equity Shares pursuant to the Issue into the QIBs Depository Participant account, our Company will apply for final listing and trading approval for trading on the Stock Exchanges.
7. In the event our Company is unable to Issue and Allot the Equity Shares or on cancellation of the Issue, within 60 days from the date of receipt of application money, in accordance with section 42 of the Companies Act, 2013 our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the 60th day. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the QIBs.
8. The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after the receipt of the final listing and trading approval from the Stock Exchanges.
9. In case of QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to Stock Exchanges and Stock Exchanges shall make the same available on their website.

Other Instructions

Our Right to Reject Bids

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of our Company and the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

1. The Allotment of the Equity Shares in the Issue shall be only in dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).
2. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.
3. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.
4. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.
5. The trading of the Equity Shares would be in dematerialised form only for all QIBs in the demat segment of the Stock Exchanges.
6. Our Company will not be responsible or liable for the delay in the credit of the Equity Shares due to errors in the Application Forms or on part of the QIBs.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into a placement agreement with our Company dated April 5, 2018 (the "**Placement Agreement**"), pursuant to which each of the Book Running Lead Managers have severally (and not jointly) agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription for Equity Shares, on a reasonable efforts basis, to be placed with the QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Book Running Lead Managers, and it is subject to termination in accordance with the terms contained therein.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

In connection with the Issue, the Book Running Lead Managers (or their respective affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See "***Offshore Derivative Instruments***" beginning on page 9.

From time to time, the Book Running Lead Managers, and their affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, our Subsidiaries, group companies, affiliates and the shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their affiliates and associates.

Lock-up

Company Lock-in. Our Company undertakes that it will not for a period of 90 days from the date of this Placement Document, without the prior written consent of the Book Running Lead Managers, directly or indirectly, (A) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell, purchase or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or ;exercisable or exchangeable for Equity Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in Clause (A) or (B) hereof is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (C) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any transaction falling within (a) to (c) above. The foregoing sentence shall not apply to: (i) any issuance, sale, transfer or disposition of Equity Shares by our Company to the extent such issuance, sale, transfer or disposition is required by Indian law; (ii) any issuance of Equity Shares by our Company in terms of any employee stock options scheme in effect as at the date hereof; and (iii) the Placement.

Promoter and Promoter Group Lock-up. Our Company acknowledges that each member of the Promoter and Promoter Group who holds Equity Shares, jointly and severally, has undertaken that it will not for a period of 90 days from the date of Allotment under the Placement, without the prior written consent of the Book Running Lead Managers: (a) directly or indirectly, offer, lend, , sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Lock-up Shares or any securities convertible into or exercisable for Lock-up Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Lock-up Shares which may be deemed to be beneficially owned by the undersigned), or file any registration statement under the U.S. Securities Act of 1933, as amended, with respect to any of the foregoing, or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Lock-up Shares or any securities convertible into or exercisable or exchangeable for Lock-up Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Lock-up Shares or such other securities, in cash or otherwise), or (c) deposit Lock-up Shares with any other depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Lock-up Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. The restrictions in this Lock-up Agreement shall be applicable to all the Lock-up Shares; provided however, that the foregoing restrictions do not apply (i) to any sale, transfer or disposition of Lock-up Shares by the undersigned to the extent such sale, transfer or disposition is required by Indian law and (ii) any sale transfer or disposition of Equity shares by the Promoter or Promoter Group, pursuant to the creation or enforcement of any pledge that has been or may be created by the Promoter or Promoter Group in respect of the Equity Shares.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

General

No action has been taken or will be taken by our Company or the Book Running Lead Managers that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required (including filing of prospectus in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of the Preliminary Placement Document and this Placement Document, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each subscriber of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Notice to Investors*", "*Representations by Investors*" and "*Purchase and Transfer Restrictions*".

India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares offered in the Issue may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs only and is not an offer to the public. This Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than those to whom the offer is made. The Issue will be made in compliance with the SEBI ICDR Regulations.

This Placement Document has not been and will not be registered as a prospectus with the RoC. The offering of Equity Shares pursuant to the Preliminary Placement Document and this Placement Document by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public at large about the Issue is prohibited.

Australia

This Placement Document is not a disclosure document within the meaning of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Equity Shares and Investments Commission.

No offer has been made under the Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Investors under this Placement Document represent and warrant that they are "sophisticated investors" or "professional investors" and not "retail clients" within the meaning of those terms in the Corporations Act.

No financial product advice is provided in this Placement Document and nothing in this Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in the Preliminary Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and the Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Cayman Islands

This Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Equity Shares offered in the Issue may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive (defined below) and the 2010 Amending Directive (defined below), except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

(a) to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;

(b) to (i) fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than "qualified investors" as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the Book Running Lead Managers; and

(c) in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive, provided that no such offering of Equity Shares shall result in a requirement for the publication by our Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "2010 Amending Directive" means Directive 2010/73/EU and includes any relevant implementing measure in each Member State.

Neither our Company nor the Book Running Lead Managers have authorised, nor do they authorise, the making

of any offer of Equity Shares through any financial intermediary on their behalf, other than offers made by our Company or the Book Running Lead Managers and their respective affiliates of the Book Running Lead Managers.

Hong Kong

This Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Placement Document, they should obtain independent professional advice.

This Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Placement Document must not be issued, circulated or distributed in Hong Kong other than:

- to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

- in other circumstances which do not result in this Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorisation by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Placement Document may issue, circulate or distribute this Placement Document in Hong Kong or make or give a copy of this Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the issue of the Equity Share in Japan (the "**Solicitations**") has been filed or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). Therefore, the Solicitations in Japan may be made to no more than 49 persons during the six-month period prior to the contemplated date of allotment of the Equity Shares in the Issue.

Any person acquiring Equity Shares in the Issue: (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, other than in "a lump sum" to a single person; and (b) shall deliver a notification indicating (a) and (b) herein to the transferee of the Equity Shares.

Capitalised terms used above and not defined in this Placement Document have the meanings given to those terms in the FIEL

Kuwait

The Issue has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has our Company received authorisation or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the Issue, including the receipt of applications and/or the allotment of Equity Shares may be rendered within Kuwait by our Company or persons representing our Company, including the Book Running Lead Managers and their respective affiliates.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, the Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Placement Document is subject to Malaysian laws. This Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Placement Document does not constitute a public offering. This Placement Document is for the exclusive use of the person to whom it has been given by the Book Running Lead Managers and is a private concern between the sender and the recipient.

New Zealand

This Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Placement Document, each investor represents and warrants that if they receive this Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Placement Document to any person who is not also a Habitual Investor.

Oman

The Equity Shares offered under the Preliminary Placement Document have not and will not be listed on any stock exchange in the Sultanate of Oman.

Qatar (excluding the Qatar Finance Centre)

This Placement Document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar; (b) neither our Company nor the Book Running Lead Managers are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the

State of Qatar.

No marketing of the Equity Shares offered in the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither our Company nor the Book Running Lead Managers are, by distributing this Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing the Equity Shares. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "FSCMA"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "FETL"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser.

Singapore

This Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may the Preliminary Placement Document, the Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

South Africa

The Issue does not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and subscribe for the Equity Shares offered in the Issue to the public as defined in the Companies Act, No. 71 of 2008 (as amended). This Placement Document has not been and will not be registered as a prospectus under the Companies Act, No. 71 of 2008 (as amended). Accordingly, the Equity Shares may not be offered, sold or delivered to a person in South Africa or to a person with an address in South Africa, unless such person falls within one or more of the exemptions to the securities laws relating to offers to the public set out in Section 96 of the Companies Act, No. 71 of 2008 (as amended). The exemptions include offers made to the following persons: (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, No. 23 of 2004 (as amended); (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorised financial services providers as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (as amended); (v) financial institutions as defined in the Financial Services Board Act, No. 97 of 1990; (vi) wholly owned subsidiaries of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, No. 24 of 1956 or as a manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002; (vii) any combination of the persons contemplated in (i) to (vi); and (viii) offers made to a single addressee acting as principal where the contemplated acquisition cost of the Equity Shares is equal to or greater than R1,000,000.

Switzerland

This Placement Document may only be freely circulated and the Equity Shares offered in the Issue may only be freely offered, distributed or sold to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers of collective investment schemes and central banks as well as to regulated insurance companies. Circulating this Placement Document and offering, distributing or selling the Equity Shares to other persons or entities including qualified investors as defined in the Federal Act on Collective Investment Schemes ("**CISA**") and its implementing Ordinance ("**CISO**") may trigger, in particular, (i) licensing/prudential supervision requirements for the distributor, (ii) a requirement to appoint a representative and paying agent in Switzerland and (iii) the necessity of a written distribution agreement between the representative in Switzerland and the distributor. Accordingly, legal advice should be sought before providing the Preliminary Placement Document and the Placement Document to and offering, distributing, selling or on-selling the Equity Shares of our Company to any other persons or entities.

This Placement Document does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The Equity Shares offered in the Issue will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this Placement Document does not necessarily comply with the information standards set out in the relevant listing rules. This Placement Document has not been and will not be approved by the Swiss Financial Market Supervisory Authority ("**FINMA**") under the CISA. Therefore, investors do not benefit from protection under the CISA or supervision by the FINMA. This Placement Document does not constitute investment advice.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Equity Shares offered in the Issue have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. Our Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. This Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

The Preliminary Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

United Kingdom (in addition to the European Economic Area selling restrictions above)

The Equity Shares offered in the Issue cannot be promoted in the United Kingdom to the general public. The contents of this Placement Document have not been approved by an authorised person within the meaning of Financial Services and Markets Act 2000, as amended (the "**FSMA**"). The Book Running Lead Managers (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which Section 21(1) of the FSMA does not apply to our Company; and (b) have complied and will comply with all applicable provisions of the FSMA with respect to anything done by each of them in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares offered in the Issue, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws. The Equity Shares are being offered and sold in the Issue only outside the United States in accordance with Regulation S in accordance with Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. To help ensure that the offer and sale of the Equity Shares in the Issue was made in compliance with Regulation S, each purchaser of Equity

Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "***Transfer Restrictions***" on page 244.

TRANSFER RESTRICTIONS

Allottees are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges. In addition to the above, allotments made to QIBs, including FVCIs, VCFs and AIFs in the Issue, may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. Specifically, investments by FVCIs are required to be made in compliance with Schedule 1 of FEMA 20. Accordingly, purchasers are advised to consult their own legal counsel prior to making any offer, re-sale, pledge or transfer of the Equity Shares.

Due to the following restrictions, investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Equity Shares.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws of the United States, and unless so registered may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered, sold and delivered outside the United States in offshore transactions in reliance on Regulation S and in compliance with the applicable laws of each jurisdiction where those offers and sales are made.

If you purchase the Equity Shares in this Issue, by accepting delivery of the Preliminary Placement Document, submitting a bid to purchase the Equity Shares and accepting delivery of the Equity Shares, you will be deemed to have represented to and agreed with our Company and the Book Running Lead Managers as follows:

- you have received a copy of the Preliminary Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning our Company or the Equity Shares and neither our Company nor any other person responsible for this document or any part of it or the Book Running Lead Managers will have any liability for any such other information or representation;

- you are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you will comply with all laws, regulations and restrictions (including the selling restrictions contained in the Preliminary Placement Document and this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of the Equity Shares, and you acknowledge and agree that none of our Company, the Book Running Lead Managers or any of their respective affiliates shall have any responsibility in this regard;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

- you and the person, if any, for whose account or benefit you are acquiring the Equity Shares, were located outside the United States at the time the buy order for the Equity Shares was originated and continue to be located outside the United States and have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

- you are not an affiliate (as defined in Rule 405 of the U.S. Securities Act) of our Company or a person acting on behalf of such affiliate; and you are not in the business of buying and selling securities or, if you are in such business, you did not acquire the Equity Shares from our Company or an affiliate (as defined in Rule 405 of the U.S. Securities Act) thereof in the initial distribution of the Equity Shares;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

- you are aware of the restrictions on the offer and sale of the Equity Shares pursuant to Regulation S described in the Preliminary Placement Document and this Placement Document and that neither the BSE nor the NSE is a "designated offshore securities market" within the meaning of Regulation S of the U.S. Securities Act;

- the Equity Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S; and

- you acknowledge that our Company, the Book Running Lead Managers and their respective affiliates (as defined in Rule 405 of the U.S. Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, you will promptly notify our Company and the Book Running Lead Managers, and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such accounts.

- you acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and warrant to our Company, the BRLMs and its respective affiliates that it will not offer, sell, pledge or otherwise transfer the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- you represent and warrant to our Company, the Book Running Lead Managers and their respective affiliates that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

  Our Company, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Managers on its own behalf and on behalf of our Company, and (b) to our Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify our Company.

- you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Book Running Lead Managers or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;

- you have been provided access to the Preliminary Placement Document and this Placement Document which you have read in its entirety;

- you are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S;

- you agree to indemnify and hold our Company and the Book Running Lead Managers and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of our Company or the Lead Manager and their respective affiliates liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares; and

- any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to among other things, suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule decision of the stock exchange's governing body and withdraw recognition of a recognised stock exchange. Further, the SEBI Listing Regulations *inter alia* provide for disclosures to be made by a company after delisting.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. However, a public company, including public sector undertakings, seeking to get a particular class or kind of securities listed shall offer and allot to the public (i) at least 25% of such class or kind of securities issued by the company, if the post issue capital of the company calculated at offer price is less than or equal to ₹

16,000,000,000, (ii) at least such percentage of such class or kind of securities issued by the company equivalent to ₹ 4,000,000,000, if the post issue capital of the company calculated at offer price is more than ₹ 16,000,000,000 but less than or equal to ₹ 40,000,000,000 or (iii) at least 10% of such class or kind of securities issued by the company, if the post issue capital of the company calculated at offer price is above ₹ 40,000,000,000. In case of (ii) and (iii) above, the public shareholding is required to be increased to 25% within a period of three years from the date of listing of the securities. All listed companies are required to ensure a minimum public shareholding at 25%. Where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. SEBI has through circulars issued on November 30, 2015 and February 22, 2018 prescribed mechanisms available to comply with this requirement. Our Company is in compliance with this minimum public shareholding requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the S&P CNX NIFTY of NSE, whichever is breached earlier.

With effect from October 1, 2013, the stock exchanges, shall on a daily basis translate the 10%, 15% and 20% circuit breaker limits of market wide index variation based on the previous days' closing level of the index.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, BSE is the oldest stock exchange in India. On August 31, 1957, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to BSE (Corporatisation and Demutualisation) Scheme 2005 of the SEBI, with effect from August 19, 2005, BSE was incorporated and is now a company under the Companies Act, 2013. The S&P BSE Sensex (also called BSE 30 or SENSEX), first compiled in 1986, is a stock market index of 30 large, well established and financially sound companies across accorss key sectors, listed on the BSE. Since, September 1, 2003, the index has been calculated on a free-float market capitalisation methodology.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996, comprising of 50 of the largest and most liquid companies listed on the NSE.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE. Internet trading is possible on both the "equities" and the "derivatives" segments of NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading (or "**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing either on his own behalf or on behalf of any other person, in the securities of a listed company or a company proposed to be listed when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for promoters, employees, key management personnel and directors, with respect to their shareholding in our company, and the changes therein. An insider is, inter alia, prohibited from trading in securities of a listed or proposed to be listed company when in possession of unpublished price sensitive information and to provide access to any person including other insiders to the above referred unpublished price sensitive information except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. Unpublished price sensitive information shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities.

The board of directors of all listed companies are required to formulate and publish on company's website a code of practices and procedures for fair disclosure of unpublished price senstive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association and the Companies Act, 2013. Prospective investors are urged to read the Memorandum of Association and the Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorized share capital of our Company is ₹ 6,610 million, consisting of 390,000,000 Equity Shares of ₹ 2 each aggregating to ₹ 780 million and 58,300,000 Preference Shares of ₹ 100 each aggregating to ₹ 5,830 million. The issued, subscribed and paid-up share capital of our Company comprises of 237,028,672 Equity Shares of ₹ 2 each aggregating to ₹ 474.06 million. For further information, see "***Capital Structure***" on page 105.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, 2013 unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013 or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act, 2013. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board of Directors may from time to time pay to the members interim dividend, subject to the requirements of the Companies Act, 2013.

Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act, 2013 provides that shares of a company of the same class must receive equal dividend treatment. These distributions and payments are required to be deposited into a separate bank account within five days of the declaration of such dividend and paid to shareholders within 30 days of the AGM where the resolution for declaration of dividends is approved.

The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period is to be transferred to a special bank account. Any money that remains unclaimed for seven years from the date of the transfer is to be transferred by our Company to a fund, called the Investor Education and Protection Fund, created by the GoI. Under the Companies Act, 2013 final dividends payable can be paid only in cash or by cheque, or by warrant, or in any other electronic mode to the registered shareholder at a record date fixed prior to the relevant AGM, or to his order or to the order of his banker. The Equity Shares issued pursuant to the Preliminary Placement Document and this Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

For details of our dividend distribution policy, see "***Dividend***" on page 110.

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, subject to the approval by the shareholders in a general meeting, to distribute an amount transferred from the free reserves, the securities premium account or the capital redemption reserve account, in accordance with the Articles of Association and the Companies Act, 2013 to its shareholders, in the form of fully paid up bonus shares. These bonus ordinary shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by our Board of Directors. No issue of bonus shares shall be made by capitalizing reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations and the Companies Act, 2013.

As per the Articles of Association, subject to the provisions of the Companies Act, 2013, the Board of Directors of our Company may distribute by way of bonus amongst the staff of our Company a share or shares in the profits of our Company, and to give to any director, officer or other person employed or not by our Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of our Company.

Share Capital

Subject to the provisions of the Companies Act, 2013 our Company may increase its share capital by issuing new shares on such terms and with such rights and privileges as it, by action of its shareholders in a general meeting may determine. According to Section 62 of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the: (a) right exercisable by the Shareholders as on record date, to renounce the shares offered in favour of any other person; (b) number of shares offered and; (c) the period (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person subject to the provision of FEMA 20, if applicable.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed and if a special resolution to that effect is passed by our Company’s shareholders in a general meeting.

Pre-emptive rights

Our Articles of Association, permits Zend Mauritius VC Investments Limited (“**Zend**”) and the International Finance Corporation (“**IFC**”) to each appoint one nominee to our Board as a non-executive Director (the “**Investor Directors**”), who are 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 Zend, the IFC, LeapFrog and Indium (collectively the “**Investor(s)**”), 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, 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.

General Meetings of shareholders

There are two types of general meetings of the shareholders:

(i) AGM; and

(ii) EGM.

Under the provisions of the Companies Act, 2013, our Company must hold its AGM within six months after the expiry of each fiscal year provided that not more than 15 months shall elapse between the AGM and the next one, unless extended by the RoC at our Company’s request for any special reason for a period not exceeding three months. Every AGM shall be called for at a time during business hours i.e. between 9:00 am and 6:00 pm on any day that is not a national holiday and shall be held either at the registered office of our Company or at some other place within the city or town or village in which the registered office of our Company is situated. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company’s issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode; (a) in case of an annual general meeting, by not less than 95% of the shareholders entitled to vote; and (b) in case of any other general meeting, in a company having share capital by shareholders holding majority in number of members entitled to vote and who represent not less than 95% of such part of paid-up share capital of the company as gives a right to vote at the general meeting. Provided that where a shareholder was entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those shareholders shall be taken into account for the purpose of the above in respect of the former resolution of resolutions and not in respect of the latter. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to Shareholder meetings under the Companies Act, 2013 have to be physically complied with.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares on a show of hands, every member present in person shall have one vote; and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of our Company.

Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, prescribe that in respect of certain items of business to be transacted by certain specified companies, the approval of members is required to be sought only by means of a postal ballot or by way of electronic voting at a general meeting if such company is required to provide facilities for electronic voting in accordance with section 108 of the Companies Act, 2013.

Ordinary resolutions may be passed by simple majority of those present and voting and those voting electronically. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and shall vote only once. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of our Company not later than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not later than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Companies Act, 2013. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in the system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The record of the transfers/ transmission of shares of our Company is kept by the Share Transfer Agents.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. However, during the intervening period on account of delay in transfer above, our Company shall provide all benefits, which have accrued, to the holder of securities in terms of provisions of Section 126 of Companies Act, 2013, and Section 27 of the SCRA. The Equity Shares shall be freely transferable, subject to applicable laws.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI regulations and guidelines issued in connection therewith.

Liquidation Rights

Subject to the provisions of the Insolvency and Bankruptcy Code, 2016 and under the provisions of the Companies Act, 2013, if a Company is wound-up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divide amongst the contributories, *in specie* or in kind, the whole or any part of the assets of our Company and may, with the same sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

STATEMENT OF TAX BENEFITS

The Board of Directors
Magma Fincorp Limited
Magma House,
24, Park Street, Kolkata - 700016

Dear Sirs,

Subject: Statement of possible tax benefits ('statement') available to Magma Fincorp Limited ('the Company') and its shareholders prepared in relation to the proposed qualified institutions placement ("QIP") of equity shares of face value ₹ 2 each (the "Equity Shares") by the Company in accordance with the requirements under Schedule XVIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended ('SEBI Regulations') and Section 42 and 62(1)(c) of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

1. We hereby report that the enclosed statement prepared by the Company, states the possible tax benefits available to the Company and its shareholders under the Income tax Act, 1961 ('**the Act'**), presently in force in India.

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

3. The benefits discussed in the enclosed statement are not exhaustive. Further, the preparation of the statement and its contents is the responsibility of management of the Company. We are informed that, this statement 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 changing tax laws, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue of equity shares by the Company. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

4. We do not express any opinion or provide any assurance as to whether:
   i) the Company or its shareholders will continue to obtain these benefits in the future; or
   ii) the conditions prescribed for availing of the benefits have been/would be met.

   The contents of the enclosed statement are 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.

5. Our views expressed herein are based on the facts and assumptions indicated to us. 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 the tax laws and their interpretation, which are subject to change from time to time. We do not assume responsibility to update this statement consequent to such changes. We shall not be liable to the Company for 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.

6. The enclosed statement is intended solely for your information and for inclusion in the Preliminary Placement Document and Placement Document (together the "Placement Documents") in connection with the proposed issue of equity shares by the Company under the Companies Act 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended and is not to be used, referred to or distributed for any other purpose without our prior written consent.

7. We hereby consent to the inclusion of the enclosed statement being used in the Placement Documents of the Company in connection with the said issue of equity shares by the Company to be filed by the Company with the Stock Exchanges, the Securities and Exchange Board of India, and the Registrar of Companies, and any other authority in relation to the Issue and such other documents as may be prepared in connection with the Issue.

8. This certificate has been issued at the request of the Company for use in connection with the QIP and may accordingly be furnished as required to the Stock Exchanges or any other regulatory authorities as required. The aforesaid information may be relied upon by the Lead Managers, legal counsels and other advisors or intermediaries appointed pursuant to the QIP and we undertake to immediately intimate the Lead Managers, legal counsels and other advisors or intermediaries in case of any changes to the above. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

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

R.N. Bardhan
Partner
Membership No: 17270
Place: Kolkata
Date: April 5, 2018

CERTAIN TAX CONSIDERATIONS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS EQUITY SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961, ("the ACT") PRESENTLY IN FORCE IN INDIA

1. This statement sets out below the possible tax benefits available to our Equity shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on such shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of our shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the shareholders may or may not choose to fulfil;

2. This statement sets out below the provisions of law 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 Equity shares. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile;

4. Key changes as proposed in the Finance Bill 2018 has been included in this document. The same are subject to Presidential Assent and its final enactment.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO TAX IMPLICATIONS IN INDIA AS WELL AS IN THE RESPECTIVE COUNTRY OF RESIDENCE CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

I. UNDER THE INCOME-TAX ACT, 1961

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

1.1. The Company, being a Non-Banking Financial Company (NBFC), is entitled for accelerated deduction of bad and doubtful debts in terms of provision for bad and doubtful debts up to a specified limit under section 36(1)(viia) of the Act in computing its income under the head "Profits and gains of business or profession".

The said deduction is available to the extent of five per cent of the adjusted total income, computed before considering any deduction under the aforesaid section and Chapter VI-A.

However, subsequent claim of deduction of actual bad-debts under section 36(1)(vii) shall be reduced to the extent of deduction already allowed under section 36(1)(viia).

2. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

2.1. Benefits on distributed income

2.1.1 Section 10(34) of the Act – Income by way of dividends referred to in section 115-O

Dividend income received by the Company referred to in section 115-O of the Act, from a domestic company is exempt from tax under section 10(34) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of liability under the minimum alternate tax

(‘MAT’) provisions.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt shall not be tax deductible.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent of dividend income on such shares is claimed as exempt from tax.

2.1.2 Section 10(35) of the Act – Income from specified units

The following incomes are exempt under section 10(35) of the Act, in the hands of the Company (except income arising on transfer of units mentioned therein):

a) Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;

b) Income received in respect of units from the Administrator of the specified undertaking as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

c) Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt shall not be tax deductible.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent of dividend income on such shares is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

2.1.3 Section 10(34A) of the Act - Income from buy back of shares

Income arising to the Company, on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the Act will be exempt from tax under section 10(34A) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20% (plus applicable surcharge and cess) on distributed income being difference between consideration and the amount received by the company for issue of shares, determined in the manner as may be prescribed.

2.2. Benefits while computing Profits and Gains of Business or Profession

2.2.1 Section 32 of the Act – Allowance of depreciation

The Company is entitled to claim depreciation on specified tangible and intangible assets owned and used by it for the purpose of its business as per provisions of section 32 of the IT Act.

2.2.2 Section 35D of the Act – Amortisation of preliminary expenses

The Company will be entitled for deduction of specified preliminary expenditure (i.e. preparation of preliminary feasibility/ project reports, conducting market survey, legal charges, etc.) incurred before the commencement of the business or in connection with the extension of the undertaking or in connection with the setting up a new unit under section 35D of the Act, in five equal instalments beginning with the previous year in which such business commences/ undertaking is extended/ new unit is setup. However, such allowance is capped at 5% of the cost of the project or capital employed, as the case may be.

2.2.3 Section 35DDA of the Act - Expenditure under Voluntary Retirement Scheme ('VRS').

The Company will be eligible for deduction of any expenditure on voluntary retirement of its employees on payment basis, subject to the satisfaction of prescribed conditions under section 35DDA of the Act. Such expenditure will be allowed as deduction in five equal instalments from the year in which such expenditure has been incurred.

2.2.4 Section 36(1)(vii) of the Act – Allowance of bad debts written off

Under section 36(1)(vii), any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as a deduction for computing the income under the head "Profits and gains of business or profession". The allowance under section 36(1)(vii) shall be allowed on the fulfillment of the conditions prescribed in section 36(2) of the Act.

However, such allowance is to be reduced to the extent of provision for bad and doubtful debts already allowed as deduction under section 36(1)(viia) of the Act.

2.2.5 Section 80JJAA – Deduction of additional employee cost

Incentive deduction amounting to 30% of additional employee cost incurred in a year is allowable for a period of 3 consecutive years from the year in which the additional employee is employed, subject to the satisfaction of prescribed conditions under section 80JJAA of the Act while computing total income of the Company.

2.2.6 Other Deductions

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

2.2.7 Carry forward and set-off of Business loss and unabsorbed depreciation

Section 71 of the Act provides for set-off of business loss (other than speculative loss), if any, arising during a previous year against the income under any other head of income. Balance business loss, if any, can be carried forward and set-off against business profits for eight consecutive subsequent years as per the provisions of section 72 of the Act.

Unabsorbed depreciation under section 32(2) of the Act can be carried forward and set-off against any source of income in subsequent years subject to provisions of section 72(2) of the Act.

2.3. Capital gains

- As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond will be considered short term capital asset, if the period of holding of such share, unit or security is twelve (12) months or less.

  Similarly, shares of a company (other than those listed on a recognised stock exchange) and immovable property being land or building or both will be considered short term capital assets, if the period of holding of such shares, land or building or both is twenty four (24) months or less.

- If the period of holding of the abovementioned assets is more than 12 months or 24 months respectively, it will be considered a long term capital asset as per section 2(29A) of the Act. In respect of other assets including unlisted securities (other than shares) and a unit of a mutual fund other than equity oriented mutual fund, the determinative period of holding is thirty six (36) months instead of 12 months.

- Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains.

  However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

- Section 10(38) of the Act – Income on transfer of long term listed equity share or mutual fund unit or unit of business trust

  Income arising to the Company on transfer of equity shares or units of an equity oriented fund or units of a business trust held by the Company will be exempt under section 10(38) of the Act, if the said asset is a long-term capital asset and such transaction is chargeable to securities transaction tax (STT). These assets turn long term if they are held for more than 12 months.

  As per the third proviso to section 10(38) of the Act inserted by the Finance Act, 2017, the exemption under section 10(38) would not be available to the cases of purchases after 1 October 2004 which are not subject to STT unless such cases are notified by the Government. The rationale for the aforesaid amendment is to \ avoid the said section being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. However, to protect the exemption for genuine cases where STT could not have been paid like acquisition of share in Initial Public Offering (IPO), Follow-on Public Offer (FPO), bonus or right issue by a listed company acquisition by non-resident in accordance with Foreign Direct Investment (FDI) policy of the Government etc., the Central Board of Direct Taxes (CBDT) on 5 June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017.

  The said exemption will not be available to the Company while computing the book profits liable for minimum alternate tax under section 115JB of the Act.

  However, in the Finance Bill 2018, it has been proposed that from FY 2018-19, the exemption from tax on profit from sale of long term capital asset being equity share or a unit of equity oriented mutual fund of business trust as referred in section 10(38) would not be allowed and a new section 112A has been inserted to tax the said profit @ 10% subject to certain conditions.

- Section 112A (Proposed to be inserted in Finance Bill 2018) – Any Long Term Capital Gain arising from sale of Equity shares of a company or Units of Equity Oriented Mutual Fund or Business Trust on which STT has been paid on acquisition and transfer, would be taxable @ 10% if such gain exceeds Rs. 0.1 million.

  However for the purpose of calculation of tax in this section, the profit accrued to the assessee till 31.01.2018 has been grandfathered i.e. the for the purpose of calculation of capital gain, the cost of the asset is to be taken as higher of actual cost or the price as on 31.01.2018.

- As per section 54EC of the Act, capital gains upto Rs. 5 million per annum, arising from the transfer of a long term capital asset are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in bonds issued by National Highway Authority of India (‘NHAI’) or Rural Electrification Corporation Limited (‘REC’) or other specified bonds as may be prescribed. However, in case the long term specified bond is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. In the Finance bill 2018, the said section has been proposed to be revised w.e.f FY 2018-19. In the proposed changes, the benefit of this section has been made applicable only in case of sale of Long Term Capital Asset being in the nature of land or building or both. Also the limit of three years has been proposed to be revised to five years.

- Under Section 54EE of the Act and subject to the conditions specified therein, long- term capital gains arising on the transfer of long term capital assets would be exempt from tax if such capital gain is invested within six months from the date of such transfer in specified assets being units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs. 5 million in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Long term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as maybe notified by the Central Government in this behalf. However, in case the long term specified unit is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

- Gains arising on transfer of short term capital assets are chargeable in the hands of the Company at the rate of 30 percent (plus applicable surcharge and cess). However, as per section 111A of the Act, short term capital gains from sale of an equity share, a unit of an equity oriented fund or a unit of a business trust transacted through a recognized stock exchange, where such transaction is chargeable to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess).

- Gains arising on the transfer of long term asset are chargeable to tax (other than those exempt under section 10(38) of the Act) in the hands of the Company at the rate of 20% (plus applicable surcharge and cess). As per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than a unit) or zero coupon bond shall be restricted at the rate of 10 percent (plus applicable surcharge and cess) without indexation benefit.

- As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

  As per section 70 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

  As per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

  Long term capital loss arising on sale of equity shares or units of equity oriented fund, which are subject to STT, may not be allowed to be set-off and carried forward.

2.4. Section 115-O of the Act - Tax on distributed profits of domestic companies

As per section 115-O of the Act, domestic companies are liable to pay additional tax at the rate of 15% (plus applicable surcharge and education cess) on distribution of profits. As per sub -section (1A) to section 115-O, the domestic company, for computing the dividend distribution tax (DDT), will be allowed to set-off the dividend received from its subsidiary company during the financial year ('FY') against the dividend distributed by it if:

a) the dividend is received from its domestic subsidiary company and the subsidiary company has paid the DDT payable on such dividend; or
b) the dividend is received from a foreign subsidiary and is subject to payment of tax under section 115BBD of the Act.

However, the same amount of dividend shall not be taken into account for reduction more than once.

Section 115-O, with effect from 1 October 2014, provides that the amount of dividend declared by the domestic company (as reduced by the amount referred in sub-section (1A) to section 115-O) would be required to be grossed up for the purpose of computing the DDT such that after reduction of the tax on such increased amount at the rate of 15%, the amount is equal to the net distributed profits. In addition to above, the Finance Bill 2018 has proposed to bring deemed dividend referred to in Section 2(22)(e) of the Income Tax Act, 1961 under DDT which is applicable only in the case of unlisted company. Thus DDT would be applicable on the said deemed dividend at an increased rate of 30% (plus applicable surcharge and cess)

2.5. Section 115JAA of the Act - Credit of MAT paid

Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay MAT at an effective rate of 18.5% (plus applicable surcharge and cess) of the book profits.

MAT paid shall however be available as credit against the normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA of the Act. Such credit can be carried forward for set off up to 15 subsequent consecutive years.

3. GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY UNDER THE ACT

For resident shareholders:

3.1. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

However, as per Section 115BBDA of the Act, if the aggregate of dividend income during the year is in excess of 1 million rupees, then such excess dividend shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess). Provisions of section 115BBDA are not applicable to a domestic company, a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub clause(vi) or sub-clause (via) of section 10(23C) or a trust/institution registered under section 12A or section 12AA of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the income exempt under section 10(34) will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.2. Income arising on transfer of shares of the Company, if held as investments, will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to STT. These assets turn long term if they are held for more than 12 months.

As per the third proviso to section 10(38) of the Act inserted by the Finance Act, 2017, the exemption under section 10(38) would not be available to the cases of purchases after October 1, 2004 which are not subject to STT unless such cases are notified by the Government. The rationale for the aforesaid amendment is to \ avoid the said section being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. However, to protect the exemption for genuine cases where STT could not have been paid like acquisition of share in Initial Public Offering (IPO), Follow-on Public Offer (FPO), bonus or right issue by a listed company acquisition by non-resident in accordance with Foreign Direct Investment (FDI) policy of the Government etc., the Central Board of Direct Taxes (CBDT) on 5th June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017.Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of Acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of Long Term Capital Gains, ("LTCG") (other than those exempt under section 10(38) of the Act) arising from the transfer of shares

of an Indian company held for a period exceeding twelve months immediately preceding the date of transfer, the second proviso to Section 48 of the IT Act, permits substitution of cost of acquisition/ improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time.
However in the Finance Bill 2018, it has been proposed that from FY 2018-19, the exemption from tax on profit from sale of long term capital asset being equity share or unit of equity oriented mutual fund of business trust as referred in section 10(38) would be discontinued and a new section 112A has been inserted to tax the said profit @ 10% subject to certain conditions.

- Section 112A (Proposed to be inserted in Finance Bill 2018) – Any Long Term Capital Gain arising from sale of Equity shares of a company or Units of Equity Oriented Mutual Fund or Business Trust on which STT has been paid on acquisition and transfer, would be taxable @ 10% if such gain exceeds Rs. 0.1 million.

  However for the purpose of calculation of tax in this section, the profit accrued to the assessee till 31.01.2018 has been grandfathered i.e. the for the purpose of calculation of capital gain, the cost of the asset is to be taken as higher of actual cost or the price as on 31.01.2018.

3.3. As per section 112 of the Act and other relevant provisions of the Act, the long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company held as investments (other than those exempt under section 10(38) of the Act) shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition/improvement or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

3.4. In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the maximum amount which is not chargeable to income-tax, then such long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

3.5. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to securities transaction tax. In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the maximum amount which is not chargeable to income-tax, then such short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

3.6. In accordance with, and subject to the conditions, including the limit of investment of Rs. 5 million, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of bonds issued by NHAI or REC or other long-term specified bonds as may be notified. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. However, in case the long term specified bonds is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. In the Finance bill 2018, the said section has been proposed to be revised w.e.f FY 2018-19. In the proposed changes, the benefit of this section has been made applicable only in case of sale Long Term Capital Asset being in the nature of land or building or both. Also the limit of three years has been proposed to be revised to five years. Thus the benefit of Section 54EC would not applicable in case of profit from sale of shares.

3.7. Under Section 54EE of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) shall be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in specified assets in units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs. 5 million in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Long term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as maybe notified by the Central Government in this behalf. However, in case the long term specified unit is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

3.8. In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) held by an individual or HUF shall be exempt from capital gains tax if the net sale consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sale consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.9. Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. However, Long Term Capital Loss computed for the given year is allowed to be set-off only against the Long Term Capital Gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years‘ short term as well as long term gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.10. Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

3.11. As per section 115JB of the Act, income received by way of dividend (whether interim of final) which is exempt under section 10(34) of the Act, by a foreign company to which section 115JB is applicable, will be reduced while computing book profits. Further, any LTCG exempt under section 10(38) will be subject to book profits i.e. it will not be reduced while computing book profits.

3.12. As per section 115JAA(1A) of the Act, credit is allowed in respect of tax paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. MAT credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for upto fifteen assessment years immediately succeeding the assessment year in which the MAT credit becomes allowable under section 115JAA(1A) of the Act. MAT credit can be set off in a year when tax is payable under the normal provisions of the Act. MAT credit to be allowed for set off shall be the difference between MAT payable and the tax computed as per the normal provisions of the Act for that assessment year.

For non-resident shareholders other than Foreign Portfolio Investors (FPI's)

3.13. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.14. Under the first proviso to Section 48 of the Act, in case of a non-resident shareholder, in computing the capital gains arising from transfer of shares of our company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided for fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares and reconverting the gains so arrived into Indian currency.

3.15. Income arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transfer is chargeable to STT. These shares turn long term if they are held for more than 12 months.

As per the third proviso to section 10(38) of the Act inserted by the Finance Act, 2017, the exemption under section 10(38) would not be available to the cases of purchases after October 1, 2004 which are not subject to STT unless such cases are notified by the Government. The rationale for the aforesaid amendment is to \ avoid the said section being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. However, to protect the exemption for genuine cases where STT could not have been paid like acquisition of share in Initial Public Offering (IPO), Follow-on Public Offer (FPO), bonus or right issue by a listed company acquisition by non-resident in accordance with Foreign Direct Investment (FDI) policy of the Government etc., the Central Board of Direct Taxes (CBDT) on 5th June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017.

However in the Finance Bill 2018, it has been proposed that the from FY 2018-19, the exemption from tax on profit from sale of long term capital asset being equity share or a unit of equity oriented mutual fund of business trust as referred in section 10(38) would be discontinued and a new section 112A has been inserted to tax the said profit @ 10% subject to certain conditions.

Section 112A (Proposed to be inserted in Finance Bill 2018) – Any Long Term Capital Gain arising from sale of Equity shares of a company or Units of Equity Oriented Mutual Fund or Business Trust on which STT has been paid on acquisition and transfer, would be taxable @ 10% if such gain exceeds Rs. 0.1 million.

However for the purpose of calculation of tax in this section, the profit accrued to the assessee till 31.01.2018 has been grandfathered i.e. the for the purpose of calculation of capital gain, the cost of the asset is to be taken as higher of actual cost or the price as on 31.01.2018.

3.16. The long-term capital gains arising to the shareholders of the Company from the transfer of equity shares of the Company held as investments (other than those exempt under section 10(38) of the Act)shall be taxable as follows:

- Where the equity shares of the Company are acquired in convertible foreign exchange, the same shall be taxable at the rate of 10% (plus applicable surcharge and education cess) on the amount of capital gains computed (other than those exempt under section 10(38) of the Act)
- Where the equity shares of the Company are acquired in INR, the same shall be taxable at the rate of 20% (plus applicable surcharge and cess) on the amount of capital gains computed after considering the indexation benefit provided under second proviso to section 48 of the Act or at the rate of 10% (plus applicable surcharge and education cess) on the amount of capital gains computed before indexing the cost of acquisition/ improvement, whichever is lower.

3.17. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.18. In accordance with, and subject to the conditions, including the limit of investment of Rs. 5 million, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of bonds issued by NHAI or REC or other long-term specified bonds as may be notified. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. However, in case the long term specified bond is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

In the Finance bill 2018, the said section has been proposed to be revised w.e.f FY 2018-19. In the proposed changes, the benefit of this section has been made applicable only in case of sale of Long Term Capital Asset being in the nature of land or building or both. Also the limit of three years has been proposed to be revised to five years. Thus the benefit of Section 54EC would not applicable in case of profit from sale of shares.

3.19. Under Section 54EE of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of the shares of the Company (other than those exempt under section 10(38) of the Act)shall be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in specified assets in units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs. 5 million in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Long term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as maybe notified by the Central Government in this behalf. However, in case the long term specified unit is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

3.20. In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.21. Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years‘ Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.22 Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

3.23. Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the

Double Taxation Avoidance Agreement (DTAA) between India and the country of tax residence of the non-resident and the provisions of the Act shall apply to the extent they are more beneficial to the assessee. However, the non-resident investor will have to furnish a certificate (containing the prescribed particulars) of his being a resident in a country outside India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

With effect from 1 April 2017, the benefit of the DTAA will not be available to a non-resident investor if the Tax department declares any arrangement to be an impermissible avoidance arrangement under the General Anti-Avoidance Rules ("GAAR") under Chapter X-A of the IT Act. Investments prior to 1 April 2017 have been grandfathered and are outside the purview of the provisions of GAAR.

3.24. Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a) Under section 115E of the Act, NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and (other than those exempt under section 10(38) of the Act . As per the Finance Bill 20187, from AY 2019-20 it has been proposed to omit the section 10(38) and apply tax on the Long Term Capital Gain arising from sale of Equity Shares on which STT has been paid). The benefit of indexation of cost would not be available.

b) Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange (other than those exempt under section 10(38) of the Act. However from AY 2019-20 it has been proposed to omit the section 10(38) and apply tax on the Long Term Capital Gain arising from sale of Equity Shares on which STT has been paid.) above shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis. The amount so exempted shall be chargeable to tax subsequently under the head Capital Gains relating to Capital Assets other than Short Term Capital assets, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided adequate tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

d) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are transferred or converted into money.

e) As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.25. MAT provisions under Section 115JB of the Act are not applicable to a foreign company if

- such company is a resident of a country or a specified territory with which India has an DTAA and such company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or

- such company is a resident of a country with which India does not have a DTAA and such company is not required to seek registration under any law for the time being in force relating to companies.

3.25. In respect of foreign companies which are not exempt from MAT provisions (other than those exempt under point 3.24.f), following specified incomes will not be subject to MAT under section 115JB of the Act:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

For shareholders who are Foreign Portfolio Investors (FPIs):

3.26. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

3.27. As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.28. Transfer of any shares/ securities being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

3.29. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months.
As per the third proviso to section 10(38) of the Act inserted by the Finance Act, 2017, the exemption under section 10(38) would not be available to the cases of purchases after October 1, 2004 which are not subject to STT unless such cases are notified by the Government. The rationale for the aforesaid amendment is to \ avoid the said section being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. However, to protect the exemption for genuine cases where STT could not have been paid like acquisition of share in Initial Public Offering (IPO), Follow-on Public Offer (FPO), bonus or right issue by a listed company acquisition by non-resident in accordance with Foreign Direct Investment (FDI) policy of the Government etc., the Central Board of Direct Taxes (CBDT) on 5th June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017.

However in the Finance Bill 2018, it has been proposed that from FY 2018-19, the exemption from tax on profit from sale of long term capital asset being equity share or a unit of equity oriented mutual fund of business trust as referred in section 10(38) would not be allowed.

3.30. Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company (other than those exempt under section 10(38) of the Act) will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess). However in the Finance Bill 2018, it has been proposed that from FY 2018-19, the exemption from tax on profit from sale of long term capital asset being equity share or a unit of equity oriented mutual fund of business trust as referred in section 10(38) would not be allowed. Further it has been proposed that the tax rate of 10% u/s 115AD(1)(b)(iii) would only be applicable if such income exceeds 0.1 million rupees. The benefit of indexation of cost and of foreign fluctuations are not available to FPI's.

3.31. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.32. Under section 115AD(1)(b)(ii) of the Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under section 111A of the Act will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

3.33. Under the provisions of section 90(2) of the Act, an FPI will be governed by the provisions of the DTAA between India and the country of residence of the FPI and the provisions of the Act apply to the extent they are more beneficial to the assessee. However, the FPI investor will have to furnish a certificate (containing the prescribed particulars) of his being a resident in a country outside India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

With effect from 1 April 2017, the benefit of the DTAA will not be available to a non-resident investor if the Tax department declares any arrangement to be an impermissible avoidance arrangement under the GAAR under Chapter X-A of the IT Act. Investments prior to 1 April 2017 have been grandfathered and are outside the purview of the provisions of GAAR.

3.34. Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the Long Term Capital Gains of subsequent eight assessment years.

3.35. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising to an FPI, from the transfer of shares, payable to FPI.

3.36. MAT provisions under Section 115JB of the Act are not applicable to a foreign company if

- such company is a resident of a country or a specified territory with which India has an DTAA and such company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or
- such company is a resident of a country with which India does not have an DTAA and such company is not required to seek registration under any law for the time being in force, relating to companies.

3.37. In respect of foreign companies which are not exempt from MAT provisions as per point 3.35 above, following specified incomes will not be subject to MAT under section 115JB of the Act:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

For shareholders who are Mutual Funds:

3.38. Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

3.39. As per section 196 of the Act, no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

For shareholders who are Venture Capital Companies/ Funds:

3.40. Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I and a sub-category II Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

3.41. As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

3.42. As per section 197A(1F) of the Act, no tax is to be deducted from any income payable to sub-category I and a sub-category II Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992.

Provident Fund and Pension Fund:

3.43. Under section 10(25) of the Act, any income received by trustees on behalf of a recognized provident fund and a recognized superannuation fund is exempt from tax.

Multi-Lateral and Bilateral Development Financial Institutions:

3.44. Generally, Multilateral and bilateral development financial institutions may be exempt from taxation in India on the capital gains arising on the sale of shares of the Company depending on the applicable Statute and Acts passed in India. For e.g., World Bank, IBRD, IFC, etc. In case they are not specifically exempt from tax where they are registered with SEBI as FPI then the provisions as applicable for capital gains to a non-resident FPI should apply to these institutions.

Benefits available under the Wealth Tax Act, 1957:

3.45. Wealth tax is not leviable in respect of any Assessment Year on or after April 1, 2016.

Benefits available under Gift Tax Act, 1958:

3.46. Gift tax is not leviable in respect of any gift made on or after October 1, 1998. Therefore any gift of share of a company will not attract gift tax.

Income Tax on Gifts:

3.47. Under Section 56(2)(x) of the Act and subject to exception provided therein, where an any person receives from any person any property, including, inter alia, shares of a company without consideration or for a consideration lower than the fair market value, and the value of such benefit exceeds Rs. 0.05 million such benefit is taxable in the hands of the recipient as deemed income includible in computing his taxable income. Such fair market value is to be computed as per the prescribed rules.

II. TAX DEDUCTION AT SOURCE

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents other than Long Term Capital Gains exempt under section 10(38) of the Act. However in the Finance Bill 2018, it has been proposed that from FY 2018-19, the exemption from tax on profit from sale of long term capital asset being equity share or a unit of equity oriented mutual fund of business trust as referred in section 10(38) would not be allowed.] may be subject to withholding of tax at the rate under

the domestic tax laws or under the tax laws or under the Double Taxation Avoidance Agreement (DTAA), whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non -resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.
The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act. The provision of section 206AA will not apply if the non-resident shareholder furnishes prescribed documents to the payer. Additionally, as per the provisions of section 196D of the Act, no tax is to be withheld in respect of gains earned by an FPI.

Notes:

1. Summarized below are the provisions relevant for determination of residential status of a tax payer:

a. As per the provisions of the Act, an individual is considered to be a resident in India during any financial year ('FY') if he or she is present in India for:
   i. a period or periods aggregating to 182 days or more in that FY; or
   ii. for a period or periods aggregating to 365 days or more within the four preceding FY's and a period or periods aggregating to 60 days or more in that FY and

b. In case of an Indian citizen or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any FY, the limit of 60 days under point (ii) above, shall be read as 182 days.

c. A Company is resident in India if it is an Indian Company or its place of effective management, in that year, is in India.

d. A Hindu Undivided Family ('HUF'), firm (including Limited Liability Partnership) or other association of persons is resident in India, except when the control and management of its affairs is situated wholly outside India during the relevant FY.

e. A person who is not a resident in India would be regarded as 'Non-Resident'. Subject to qualifying with certain prescribed conditions, individuals may be regarded as 'Resident but not ordinarily resident'.

2. As per the Finance Act ('FA'), surcharge is to be levied on individuals, HUF, AOP, body of individuals and artificial juridical person at the rate of 10% where the total income exceeds Rs. 5 million but not exceeding Rs. 10 million. Where the total income exceeds Rs 10 million, surcharge shall be levied at the rate of 15%.

   In the case of firm, co-operative society and local authorities at the rate of 12% where the total income exceeds Rs. 10 million.

   In the case of domestic companies, surcharge would be levied at the rate of 7% where the total income exceeds Rs. 10 million but not exceeding Rs. 100 million. Where the total income exceeds Rs. 100 million, surcharge shall be levied at the rate of 12%.

   In the case of foreign companies, surcharge would be levied at the rate of 2% where the total income exceeds Rs. 10 million but not exceeding Rs. 100 million. Where the total income exceeds Rs. 100 million, surcharge shall be levied at the rate of 5%.

   In other cases (including sections 115-O, 115QA) the surcharge shall be levied at the rate of 12%.

3. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers. However, in the Finance Bill 2018 it has been proposed to replace both the cess with Health and Education Cess @ 4% from AY 2019-20 onwards.

4. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.

5. The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.

6. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

7. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

8. 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.

9. This statement of possible direct tax benefits enumerated above is as per the Act including the proposed amendments as per Finance Bill, 2018. The said proposed amendments would be applicable after being passed in both the houses of parliament and presidential assent. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

10. This statement does not cover applicability of provisions of Chapter X-A of the Act dealing with General Anti-Avoidance Rules.

11. The above statement covers only certain relevant Direct Tax Law benefits and does not cover any Indirect Tax Law benefits or benefits under any other law.

LEGAL PROCEEDINGS

Our Company is involved in various legal proceedings from time to time, mostly arising in the ordinary course of its business. These legal proceedings are initiated by us and also by customers, past employees and other parties. These legal proceedings are primarily in the nature of (a) consumer complaints, (b) tax disputes, (c) criminal complaints, and (d) civil suits. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India.

Save as disclosed below, there are no:

1. *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoter and Promoter Group of our Company during the last three years immediately preceding the year of the issue of the Preliminary Placement Document and until the date of this Placement Document and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;*
2. *defaults in repayment of statutory dues as of the date of this Placement Document;*
3. *material frauds committed against us in the last three years. Additionally, our Company and its Subsidiaries, in their ordinary course of businesses, are involved in a number of proceedings under the Negotiable Instruments Act, 1881;*
4. *inquiries, inspections, or investigations initiated or conducted under the Companies Act or any previous companies law in the last three years immediately preceding the year of issue of the Preliminary Placement Document and until date of this Placement Document against our Company and our Subsidiaries. Also, there were no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the Preliminary Placement Document and until the date of this Placement Document for our Company and its Subsidiaries; and*
5. *There are no legal proceedings against our Company: (a) which involves an amount exceeding 5% of the consolidated net profit after tax and minority interest of our Company for the nine month period ended i.e. ₹ 79.47 million; or (b) whose outcome could have a material adverse effect on the position, business, operations, prospects or reputation of our Company.*

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, Directors or the Promoter and Promoter Group shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or any of its Subsidiaries or Directors or Promoter and Promoter Group, 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 against our Company

a. Civil

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 ₹ 79.47 million or whose outcome could have a material adverse effect on the position, business, operations, prospects or reputation of our Company.

b. Criminal

392 separate criminal complaints has been filed against our Company alleging *inter alia* (i) fraud or misappropriation by our Company, our dealers or our employees; (ii) cheating and forgery; (iii) forceful or unlawful repossession of assets; (iv) low sale price of repossessed assets; (v) theft; (vii) misconduct by our employees; and (vii) illegal demand of excess amount and interest. 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

There are no tax proceedings pending against our Company which involve an amount exceeding ₹ 79.47 million or whose outcome could have a material adverse effect on the position, business, operations, prospects or reputation of our Company.

II. ***Litigations against our Promoter and Promoter Group***

Except as disclosed below, no litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter and Promoter Group during the last three years and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action, as on date of the Preliminary Placement Document and until the date of this Placement Document:

One of the members of our Promoter and Promoter Group, Microfirm Capital Private Limited ("**Microfirm**"), has been 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 has 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 and is awaiting confirmation.

III. Litigations against our Directors

Our Company is party to certain criminal complaints as disclosed in "***Legal Proceedings-Litigations against our Company-Criminal Proceedings***" at page 272, wherein certain of our Directors have also been included as parties. Also, our Directors are parties to certain other criminal proceedings.

IV. Details of inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or the Companies Act, 2013 against our Company and its Subsidiaries in the last three years along with section wise details of prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company and its Subsidiaries in the last three years.:

Nil

V. Details of acts of material frauds committed against our Company in the last three 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 three Fiscals:

During the Fiscal 2015, twenty six instances of fraud on our Company were identified and reported. The frauds on the Company were mainly related to falsification of loan/valuation documents by borrowers, non-delivery of assets by dealers, collusion between vendors, borrowers, employees and cash misappropriation by the employees of our Company. The aggregate amount of such frauds was ₹ 611.96 lacs. As at 31 March 2015, the loan outstanding were written off/ fully provided for in the statement of profit and loss of our Company.

VI. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon.

As of date of this Placement Document, there is no outstanding default in undisputed statutory payments, repayment of debentures and interest thereon, repayment of deposits and interest thereon, and repayment of loan from any bank or financial institution and interest thereon.

VII. Summary of reservations, qualifications, or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of the Preliminary Placement Document and until the date of this Placement Document 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. For details of matters of emphasis, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 144.

INDEPENDENT AUDITORS

Our Company's Audited Financial Statements, Condensed Interim Financial Statements and the Unaudited Financial Results have been included in this Placement Document. The Audited Financial Statements, Condensed Interim Financial Statements and the Unaudited Financial Results, included herein have been prepared in accordance with Indian GAAP.

B.S.R & Co. LLP, our Statutory Auditors, have audited our Audited Financial Statements and have reviewed the Condensed Interim Financial Statements and Unaudited Financial Results, which have been included in this Placement Document.

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. The Corporate Identity Number of our Company is L51504WB1978PLC031813.

- The Equity Shares of our Company with a face value of ₹ 2. The Equity Shares are listed on NSE and BSE.

- The Issue was authorized and approved by the Board of Directors on November 9, 2017 and approved by the Shareholders through postal ballot held on December 22, 2017.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE on April 5, 2018, respectively.

- Our Company has obtained all consents, approvals and authorizations required in connection with the Issue.

- There have been no material developments which have occurred since March 31, 2017, until the date of this Placement Document that could materially or adversely affect the business, financial condition, prospects or profitability of our Company, our Subsidiaries and our Joint Ventures.

- Except as disclosed in this Placement Document, there are no outstanding legal or arbitration proceedings against or affecting our Company or its assets, business or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which is material in terms of the Policy to determine the Material Events, as adopted by the Board. For further details, see section "***Legal Proceedings***" beginning on page 272.

- Copies of the Memorandum of Association and Articles of Association of our Company will be available for inspection between 11.00 A.M. to 1.00 P.M. any day (except Saturdays, Sundays and public holidays) during the Bid/Issue Period at the Registered Office.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations, SCRA and SCRR.

- The Floor Price for the Equity Shares under the Issue is ₹ 154.47 per Equity Share which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations.

- Details of the Company Secretary and Compliance Officer:

  Shabnum Zaman
  Company Secretary and Compliance Officer
  24, Park Street, Kolkata 700 016, West Bengal
  Tel: +91 33 4401 7350/7200
  Fax: +91 33 4401 7731
  E-mail: secretary@magma.co.in

FINANCIAL STATEMENTS

Index to Financial Statements

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Chartered Accountants

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India

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Report on Review of Interim Condensed Standalone Financial Statements

To the Board of Directors of
Magma Fincorp Limited

Introduction

We have reviewed the accompanying interim condensed standalone Balance Sheet of Magma Fincorp Limited ('the Company') as at 31 December 2017, and the related interim condensed standalone Statement of Profit and Loss, interim condensed standalone Cash Flow Statement and selected explanatory notes for the 9 month period then ended (collectively hereinafter referred as the "Interim Condensed standalone Financial Statements"). Management is responsible for the preparation and presentation of this interim condensed standalone financial statements in accordance with Accounting Standard 25 "Interim Financial Reporting" ("AS 25") specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on this interim condensed standalone financial statements based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim condensed standalone financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed standalone financial statements is not prepared, in all material respects, in accordance with Accounting Standard 25 "Interim Financial Reporting" ("AS 25") specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Report on Review of Interim Condensed Standalone Financial Statements *(Continued)*

Restriction on use

We refer to note 2, Basis of preparation of interim condensed standalone financial statements. This report is intended solely for the use of the Company in connection with the proposed offerings of the equity shares pursuant to the Qualified Institutions Placement (QIP) of the Company and will be submitted/ filed with the stock exchanges where the Company's equity shares are listed and the Securities and Exchange Board of India (SEBI). This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W / W-100022

Manoj Kumar Vijai
Partner
Membership number: 046882

Place: Mumbai
Date : 5 April 2018

Interim Condensed Standalone Balance Sheet

(₹ in Lacs)

	As at 31 December 2017 (Unaudited)	As at 31 March 2017 (Audited)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	4,739.47	4,739.19
Reserves and surplus	200,238.30	199,050.19
	204,977.77	203,789.38
Non-current liabilities		
Long-term borrowings	224,476.09	238,677.37
Long-term provisions	25,400.61	18,534.81
	249,876.70	257,212.18
Current liabilities		
Short-term borrowings	509,472.06	487,335.75
Trade payables		
- Due to micro and small enterprises	-	-
- Due to others	30,319.06	18,307.40
Other current liabilities	128,580.84	171,123.45
Short-term provisions	2,329.68	1,426.58
	670,701.64	678,193.18
Total	**1,125,556.11**	1,139,194.74
ASSETS		
Non-current assets		
Fixed assets		
- Tangible assets	16,860.65	18,315.31
- Intangible assets	2,659.37	2,779.78
- Capital work-in-progress	567.90	548.90
	20,087.92	21,643.99
Non-current investments	48,024.73	53,284.47
Deferred tax assets (net)	1,136.42	1,971.67
Long-term loans and advances		
- Assets on finance	611,897.48	605,715.07
- Others	17,635.52	18,768.54
Other non-current assets	11,567.66	16,913.69
	710,349.73	718,297.43
Current assets		
Current investments	6,508.28	4,737.23
Trade receivables	702.03	643.21
Cash and bank balances	36,822.64	27,249.11
Short-term loans and advances		
- Assets on finance	359,914.44	376,890.14
- Others	4,368.96	3,412.68
Other current assets	6,890.03	7,964.94
	415,206.38	420,897.31
Total	**1,125,556.11**	1,139,194.74

The selected explanatory notes form an integral part of the interim condensed standalone financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 05 April 2018

Kailash Baheti
Chief Financial Officer
Mumbai, 05 April 2018

Shabnum Zaman
Company Secretary
Kolkata, 05 April 2018

Interim Condensed Standalone Statement of Profit and Loss

	(₹ in Lacs)
	Period ended 31 December 2017 (Unaudited)
REVENUE	
Revenue from operations	142,908.46
Other income	4,750.15
Total revenue	**147,658.61**
EXPENSE	
Employee benefits expense	23,633.83
Finance costs	58,600.00
Depreciation and amortisation expense	3,621.04
Provisions and bad debts written-off	24,599.63
Other expenses	18,642.94
Total expense	**129,097.44**
Profit before tax	**18,561.17**
Tax expense:	
Current tax - current period	5,494.11
- earlier year	(100.92)
Deferred tax	835.25
Profit after tax	**12,332.73**
Earnings per equity share*	
(Nominal value of ₹ 2/- each fully paid up):	
Basic (in ₹)	5.20
Diluted (in ₹)	5.19

*The EPS represented are for the period ended.

The selected explanatory notes form an integral part of the interim condensed standalone financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 05 April 2018

Kailash Baheti
Chief Financial Officer
Mumbai, 05 April 2018

Shabnum Zaman
Company Secretary
Kolkata, 05 April 2018

Interim Condensed Standalone Cash Flow Statement

	(₹ in Lacs) Period ended 31 December 2017 (Unaudited)
Net cash from operating activities (A)	101,941.13
Net cash from investing activities (B)	1,621.15
Net cash used in financing activities (C)	(105,779.28)
Net decrease in cash and cash equivalents (A+B+C)	(2,217.00)
Cash and cash equivalents as at the beginning of the year	12,684.29
Cash and cash equivalents as at the end of the period	**10,467.29**
Cash and Bank balances as presented in condensed Standalone Balance Sheet	36,822.64
Less: Bank Balances comprising cash in deposits accounts with original maturity of more than 3 months(as defined in AS 3- "Cash Flow Statements")	26,355.35
Cash and cash equivalents as at the end of the period	**10,467.29**

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, 05 April 2018

Kailash Baheti
Chief Financial Officer
Mumbai, 05 April 2018

Shabnum Zaman
Company Secretary
Kolkata, 05 April 2018

Selected Explanatory Notes to the Interim Condensed Standalone Financial Statements

Note: 1

COMPANY OVERVIEW

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

Basis of preparation of condensed interim standalone financial statements

These condensed interim standalone financial statements have been prepared in accordance with Accounting Standard 25 (AS 25) , Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, under the historical cost convention and on the accrual basis of accounting.

Selected explanatory notes are included, where relevant, to explain events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Company since the last annual financial statements as at and for the year ended 31 March 2017. These condensed interim standalone financial statements do not include all the information required for full annual financial statements prepared in accordance with the Indian Generally Accepted Accounting Principles.

The Company has followed the same accounting policies in preparation of the condensed interim standalone financial statements as those followed in preparation of the financial statements as at and for the year ended 31 March 2017.

As this is the first occasion when the Company has prepared condensed interim standalone financial statements in accordance with Para 44 of AS 25, the comparative Statement of profit and loss account and the comparative cash flow statement for the comparable interim periods of the immediately preceding financial year have not been presented.

These condensed interim standalone financial statements have been prepared in connection with the proposed offerings of the equity shares pursuant to the Qualified Institutions Placement(QIP) of the Company and will be submitted/ filed with the stock exchanges where the Company's equity shares are listed and the Securities and Exhange Board of India (SEBI).

Use of estimates:

The preparation of condensed interim standalone financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, income, expenses and disclosure of contingent liabilities at the date of the financial statements and during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision in accounting estimates is recognised prospectively in current and future periods.

Selected Explanatory Notes to the Interim Condensed Standalone Financial Statements (continued)

(₹ in lacs)

3 **Earnings per share**

Calculation of Earnings per share (Basic and diluted) as required by Accounting Standard 20

Sl. No.	Particulars	Units	For 9 months period ended 31 December 2017 (Unaudited)
	Basic and Diluted		
(a) (i)	Weighted average number of equity shares (Face Value of ₹ 2/- per share) for Basic EPS	Nos	236,971,687
(ii)	Weighted average number of equity shares for diluted EPS	Nos	237,637,730
(b)	Net profit after tax	₹ in Lacs	12,332.73
(c)	Less : Preference dividend including tax thereon	₹ in Lacs	0.01
(d) (i)	Net profit for equity shareholders for basic EPS	₹ in Lacs	12,332.72
(ii)	Net profit for equity shareholders for diluted EPS	₹ in Lacs	12,332.72
(e) (i)	Earning per share (face value of ₹ 2/- per share) – Basic	₹	5.20
(ii)	Earning per share (face value of ₹ 2/- per share) – Diluted	₹	5.19

4 **(a) Contingent liabilities (to the extent not provided for)**

Particulars	As at 31 December 2017 (Unaudited)	As at 31 March 2017 (Audited)
1 **Claims against the Company not acknowledged as debt**		
(i) Income tax matters under dispute	278.45	292.96
(ii) VAT matters under dispute	243.08	240.49
(iii) Service tax matters under dispute	299.52	292.37
(iv) Legal cases against the Company *	90.42	116.32
2 Guarantees		
(i) Unexpired bank guarantee	35,708.65	28,098.46

* 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.

5 **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.

6 **Taxation**

Income Tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Deferred tax assets are recognised if there is a reasonable certainty that there will be sufficient future taxable income available to realize such assets based on the future estimate of the profits.

7 The Board of Directors and Shareholders of the Company at their meeting held on 20 June 2017 and 02 August 2017 had approved the Scheme of Merger under Section 230 read with Section 233 of the Companies Act, 2013 and Rules made thereunder (the 'Scheme') for merger of its wholly owned subsidiary, Magma Advisory Services Limited ('MASL') with the Company by transferring the Undertaking (as defined in the Scheme) of such subsidiary to the Company with effect from 01 April 2017, being the Appointed date and / or Closing Date as provided in the Scheme. The Central Government through Regional Director, Eastern Region, Ministry of Corporate Affairs has passed a Confirmation Order dated 15 January 2018 pursuant to the provisions of Section 233 of the Companies Act, 2013 approving the merger of MASL with the Company. Consequently, the results for 31 December 2017 have been prepared giving effect to the merger. The impact on revenue and profit before tax is ₹ 0.91 lacs and ₹ (1.72) lacs, respectively for the quarter and nine month period ended 31 December 2017. Further by virtue of the said merger, Magma Housing Finance Limited ('MHFL') (erstwhile a wholly owned subsidiary of MASL and step down subsidiary of the Company) has now become a direct wholly owned subsidiary of the Company.

8 The Board of Directors of the Company at its Meeting held on 09 November 2017 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 its wholly owned subsidiary, Magma ITL Finance Limited ('MITL') with the Company by transferring the Undertaking (as defined in the Scheme) of such subsidiary to the Company with effect from 01 October 2017, being the Appointed date and / or Effective Date as provided in the Scheme. Pursuant to the Scheme there shall be no change in shareholding pattern and capital structure of the Company and the entire shareholding that the Company holds in MITL shall stand cancelled. The Scheme is subject to approval of National Company Law Tribunal, Kolkata Bench.

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

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 05 April 2018

Narayan K Seshadri
Chairman
[DIN: 00053563]

Kailash Baheti
Chief Financial Officer

Mumbai, 05 April 2018

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Shabnum Zaman
Company Secretary

Kolkata, 05 April 2018

B S R & Co. LLP
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Report on the Limited Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of
Magma Fincorp Limited

Introduction

We have reviewed the accompanying interim condensed consolidated Balance Sheet of Magma Fincorp Limited ('the Company'), its subsidiaries and joint ventures (the Company, its subsidiaries and joint ventures constitute 'the Group') as at 31 December 2017, and the related interim condensed consolidated Statement of Profit and Loss, interim condensed consolidated Cash Flow Statement and selected explanatory notes for the 9 month period then ended (collectively hereinafter referred as the "Interim Condensed Consolidated Financial Statements"). Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with Accounting Standard 25 "Interim Financial Reporting" ("AS 25") specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We did not review the condensed interim financial statements of two joint ventures and two subsidiaries included in the Interim Condensed Consolidated Financial Statements whose condensed interim financial statements reflect total assets of Rs 257,377.99 lakhs as at 31 December 2017 as well as total revenue of Rs 24,382.74 lakhs for the 9 month period ended 31 December 2017 and net cash flow of Rs (211.30) lakhs for the 9 month period ended 31 December 2017 as considered in the Interim Condensed Consolidated Financial Statements of the Group. These condensed un reviewed/ un audited interim financial statements have been furnished to us by management and our report on the Interim Condensed Consolidated Financial Statements of the Group, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on such

VO

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

Report on Review of Interim Condensed Consolidated Financial Statements *(Continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with Accounting Standard 25 "Interim Financial Reporting" ("AS 25") specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Restriction on use

We refer to note 2, Basis of preparation of interim condensed consolidated financial statements. This report is intended solely for the use of the Company in connection with the proposed offerings of the equity shares pursuant to the Qualified Institutions Placement (QIP) of the Company and will be submitted/ filed with the stock exchanges where the Company's equity shares are listed and the Securities and Exchange Board of India (SEBI). This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W / W-100022

Manoj Kumar Vijai
Partner
Membership number: 046882

Place: Mumbai
Date : 5 April 2018

Interim Condensed Consolidated Balance Sheet

	As at 31 December 2017 (Unaudited)	As at 31 March 2017 (Audited)
		(₹ in Lacs)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	4,739.47	4,739.19
Reserves and surplus	221,413.04	212,472.60
Fair value change account	3.71	1.58
	226,156.22	217,213.37
Minority Interest	-	3,419.59
Non-current liabilities		
Long-term borrowings	272,332.58	310,929.43
Long-term provisions	32,617.49	22,587.50
	304,950.07	333,516.93
Current liabilities		
Short-term borrowings	567,741.66	548,022.99
Trade payables		
- Due to micro and small enterprises	-	-
- Due to others	31,131.86	19,760.05
Other current liabilities	196,192.63	228,684.75
Short-term provisions	10,527.28	8,903.73
	805,593.43	805,371.52
Total	**1,336,699.72**	1,359,521.41
ASSETS		
Non-current assets		
Fixed assets		
- Tangible assets	17,029.22	18,472.88
- Intangible assets	3,225.12	3,179.55
- Goodwill on consolidation	1,430.34	6,120.02
- Capital work-in-progress	606.08	753.48
	22,290.76	28,525.93
Non-current investments	52,712.57	47,292.90
Deferred tax assets (net)	1,201.09	1,974.34
Long-term loans and advances		
- Assets on finance	777,750.73	782,436.94
- Others	11,012.10	9,830.93
Other non-current assets	13,234.47	19,761.60
	878,201.72	889,822.64
Current assets		
Current investments	11,841.83	7,356.05
Trade receivables	671.29	674.93
Cash and bank balances	43,149.81	35,330.96
Short-term loans and advances		
- Assets on finance	384,513.55	407,616.80
- Others	7,691.96	6,359.44
Other current assets	10,629.56	12,360.59
	458,498.00	469,698.77
Total	**1,336,699.72**	1,359,521.41

The selected explanatory notes form an integral part of the interim condensed consolidated financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 05 April 2018

Kailash Baheti
Chief Financial Officer
Mumbai, 05 April 2018

Shabnum Zaman
Company Secretary
Kolkata, 05 April 2018

Interim Condensed Consolidated Statement of Profit and Loss

	(₹ in Lacs) Period Ended 31 December 2017 (Unaudited)
REVENUE	
Revenue from operations	166,045.18
Operating result from general insurance business	67.40
Other income	4,727.34
Total revenue	**170,839.92**
EXPENSE	
Employee benefits expense	27,245.51
Finance costs	68,894.79
Depreciation and amortisation expense	3,640.20
Provisions and bad debts written-off	26,810.39
Other expenses	20,246.42
Total expense	**146,837.31**
Profit before tax	**24,002.61**
Tax expense:	
Current tax - current period	7,389.11
- earlier year	(101.45)
Share of current tax of joint venture	47.02
Net current tax	7,334.68
Deferred tax	773.25
Profit after tax	**15,894.68**
Minority Interest	-
Profit after tax and minority interest	**15,894.68**
Earnings per equity share*	
(Nominal value of ₹ 2 each fully paid up):	
Basic (in ₹)	6.71
Diluted (in ₹)	6.69

*The EPS represented are for the period ended.

The selected explanatory notes form an integral part of the interim condensed consolidated financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 05 April 2018

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer
Mumbai, 05 April 2018

Shabnum Zaman
Company Secretary
Kolkata, 05 April 2018

Interim Condensed Consolidated Cash Flow Statement

(₹ in Lacs)

	Period ended 31 December 2017 (Unaudited)
Net cash from operating activities (A)	141,448.62
Net cash from investing activities (B)	(1,452.55)
Net cash used in financing activities (C)	(142,425.65)
Net decrease in cash and cash equivalents (A+B+C)	(2,429.58)
Cash and cash equivalents as at the beginning of the year	14,169.63
Cash and cash equivalents as at the end of the period	**11,740.05**
Cash and Bank balances as presented in condensed Consolidated Balance Sheet	43,149.81
Less: Bank Balances comprising cash in deposits accounts with original maturity of more than 3 months(as defined in AS 3-"Cash Flow Statements")	31,409.76
Cash and cash equivalents as at the end of the period	**11,740.05**

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, 05 April 2018

Kailash Baheti
Chief Financial Officer
Mumbai, 05 April 2018

Shabnum Zaman
Company Secretary
Kolkata, 05 April 2018

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Statements

Note: 1

COMPANY OVERVIEW

Magma Fincorp Limited ('the Company'), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company 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

Basis of preparation of condensed interim consolidated financial statements

These condensed interim consolidated financial statements have been prepared in accordance with Accounting Standard 25 (AS 25) , Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, under the historical cost convention and on the accrual basis of accounting.

Selected explanatory notes are included, where relevant, to explain events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Company since the last annual financial statements as at and for the year ended 31 March 2017. These condensed interim consolidated financial statements do not include all the information required for full annual financial statements prepared in accordance with the Indian Generally Accepted Accounting Principles.

The Company has followed the same accounting policies in preparation of the condensed interim consolidated financial statements as those followed in preparation of the financial statements as at and for the year ended 31 March 2017.

As this is the first occasion when the Company has prepared condensed interim consolidated financial statements in accordance with Para 44 of AS 25, the comparative Statement of profit and loss account and the comparative cash flow statement for the comparable interim periods of the immediately preceding financial year have not been presented.

These condensed interim financial statements have been prepared in connection with the proposed offerings of the equity shares pursuant to the Qualified Institutions Placement(QIP) of the Company and will be submitted/ filed with the stock exchanges where the Company's equity shares are listed and the Securities and Exhange Board of India (SEBI).

Use of estimates:

The preparation of condensed interim consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, income, expenses and disclosure of contingent liabilities at the date of the financial statements and during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision in accounting estimates is recognised prospectively in current and future periods.

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Statements (continued)

(₹ in lacs)

3 **Earnings per share**

Calculation of Earnings per share (Basic and diluted) as required by Accounting Standard 20:

Sl. No.	Particulars	Units	For 9 months period ended 31 December 2017 (Unaudited)
Basic and Diluted			
(a) (i)	Weighted average number of equity shares (Face Value of ₹ 2/- per share) for Basic EPS	Nos.	236,971,687
(ii)	Weighted average number of equity shares for diluted EPS	Nos.	237,637,730
(b)	Net profit after tax	₹ in Lacs	15,894.68
(c)	Less : Preference dividend including tax thereon	₹ in Lacs	0.01
(d) (i)	Net profit for equity shareholders for basic EPS	₹ in Lacs	15,894.67
(ii)	Net profit for equity shareholders for diluted EPS	₹ in Lacs	15,894.67
(e) (i)	Earning per share (face value of ₹ 2/- per share) – Basic	₹	6.71
(ii)	Earning per share (face value of ₹ 2/- per share) – Diluted	₹	6.69

4 **(a) Contingent liabilities (to the extent not provided for)**

Particulars	As at 31 December 2017 (Unaudited)	As at 31 March 2017 (Audited)
1 **Claims against the Company not acknowledged as debt**		
(i) Income tax matters under dispute	278.64	295.12
(ii) VAT matters under dispute	243.08	240.49
(iii) Service tax matters under dispute	459.65	452.50
(iv) Legal cases against the Company *	90.42	116.32
2 **Guarantees**		
(i) Unexpired bank guarantee	36,470.25	30,524.06

* 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.

5 **Segment reporting**

The Group is organised into following reportable segments referred to in Accounting Standard (AS - 17) "Segment Reporting":

Particulars	9 month period ended 31 December 2017 (Unaudited)	Year ended 31 March 2017 (Audited)
1. **REVENUE**		
(a) Finance and mortgages	169,681.54	238,354.38
(b) General insurance	262.67	361.06
(c) Others	895.71	1,229.72
TOTAL	**170,839.92**	**239,945.16**
2. **RESULT - PROFIT BEFORE TAX**		
(a) Finance and mortgages	23,497.16	4,106.74
(b) General insurance	229.67	294.76
(c) Others	275.78	277.62
TOTAL	**24,002.61**	**4,679.12**
3. **ASSETS**		
(a) Finance and mortgages	1,279,758.73	1,309,673.86
(b) General insurance	50,492.89	43,154.01
(c) Others	6,448.10	6,693.54
TOTAL	**1,336,699.72**	**1,359,521.41**
4. **LIABILITIES**		
(a) Finance and mortgages	1,069,103.77	1,104,197.80
(b) General insurance	41,033.53	33,879.61
(c) Others	406.20	811.04
TOTAL	**1,110,543.50**	**1,138,888.45**
5. **CAPITAL EMPLOYED**		
(a) Finance and mortgages	210,654.96	205,476.06
(b) General insurance	9,459.36	9,274.40
(c) Others	6,041.90	5,882.50
TOTAL	**226,156.22**	**220,632.96**

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Statements (continued)

(₹ in lacs)

6 **Taxation**

Income Tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Deferred tax assets are recognised if there is a reasonable certainty that there will be sufficient future taxable income available to realize such assets based on the future estimate of the profits.

7 The Board of Directors and Shareholders of the Company at their meeting held on 20 June 2017 and 02 August 2017 had approved the Scheme of Merger under Section 230 read with Section 233 of the Companies Act, 2013 and Rules made thereunder (the 'Scheme') for merger of its wholly owned subsidiary, Magma Advisory Services Limited ('MASL') with the Company by transferring the Undertaking (as defined in the Scheme) of such subsidiary to the Company with effect from 01 April 2017, being the Appointed date and / or Closing Date as provided in the Scheme. The Central Government through Regional Director, Eastern Region, Ministry of Corporate Affairs has passed a Confirmation Order dated 15 January 2018 pursuant to the provisions of Section 233 of the Companies Act, 2013 approving the merger of MASL with the Company. Consequently, the results for 31 December 2017 have been prepared giving effect to the merger. The impact on revenue and profit before tax is ₹ 0.91 lacs and ₹ (1.72) lacs, respectively for the quarter and nine month period ended 31 December 2017. Further by virtue of the said merger, Magma Housing Finance Limited ('MHFL') (erstwhile a wholly owned subsidiary of MASL and step down subsidiary of the Company) has now become a direct wholly owned subsidiary of the Company.

8 The Board of Directors of the Company at its Meeting held on 09 November 2017 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 its wholly owned subsidiary, Magma ITL Finance Limited ('MITL') with the Company by transferring the Undertaking (as defined in the Scheme) of such subsidiary to the Company with effect from 01 October 2017, being the Appointed date and / or Effective Date as provided in the Scheme. Pursuant to the Scheme there shall be no change in shareholding pattern and capital structure of the Company and the entire shareholding that the Company holds in MITL shall stand cancelled. The Scheme is subject to approval of National Company Law Tribunal, Kolkata Bench.

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, 05 April 2018

Kailash Baheti
Chief Financial Officer

Mumbai, 05 April 2018

Shabnum Zaman
Company Secretary

Kolkata, 05 April 2018

B S R & Co. LLP
Chartered Accountants

Godrej Waterside, Unit No. 603
6th Floor, Tower 1, Plot No. 5
Block - DP, Sector V, Salt Lake
Kolkata - 700 091

Telephone: + 91 33 4403 4000
Fax: + 91 33 4403 4199

Review report

To the Board of Directors
Magma Fincorp Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results ('the Statement') of Magma Fincorp Limited ('the Company'), its subsidiaries and its joint ventures (the Company, its subsidiaries and joint ventures constitute 'the Group') for the quarter and nine months ended 31 December 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 9 February 2017. Our responsibility is to issue a report on the Statement based on our review.

3. 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" issued by the Institute of Chartered Accountants of India. 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 the Company's 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.

4. We did not review the interim financial results of the joint venture included in the Statement whose interim financial results reflect the Group's share in the operating result Rs 133.90 lakhs and Rs 249.17 lakhs for the quarter and nine months ended 31 December 2016, respectively, and the Group's share in the profit after tax of Rs 94.70 lakhs and Rs 188.62 lakhs for the quarter and nine months ended 31 December 2016, as considered in the Statement of the Group. These financial results have been reviewed by other auditors whose report has been furnished to us by the Management. Our report on the Statement of the Group, in so far as it related to the amounts and disclosures included in respect of this joint venture, is based solely on the reports of the other auditors.

5. The unaudited consolidated financial results includes the interim financial results of three subsidiaries and one joint venture which have not been reviewed by their auditors and are based solely on the Management's accounts, whose interim financial results reflect revenues of Rs 9,796.11 lakhs and Rs 29,677.90 lakhs for the quarter and nine months ended 31 December 2016, respectively, and profit after tax of Rs 609.98 lakhs and Rs 2,417.25 lakhs for the quarter and nine months ended 31 December 2016, respectively, as considered in the Statement.

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, Mahalakshmi
Mumbai - 400 011

Review report (continued)
Magma Fincorp Limited

6. Based on our review conducted as mentioned in paragraphs 3 to 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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

Jayanta Mukhopadhyay
Partner
Membership No:055757

Place: Kolkata
Date: 9 February 2017

MAGMA

MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2016

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015	31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	**Income from operations**						
	(a) Revenue from operations	58,031.28	59,877.89	62,263.44	178,493.38	184,667.33	247,777.34
	(b) Operating result from general insurance business	30.86	138.96	(65.85)	(40.87)	(748.53)	(557.80)
	Total income from operations (net)	**58,062.14**	**60,016.85**	**62,197.59**	**178,452.51**	**183,918.80**	**247,219.54**
2.	**Expenses**						
	(a) Employee benefits expense	7,685.65	7,282.04	8,028.19	22,687.74	24,778.83	31,721.70
	(b) Depreciation and amortisation expense	1,367.45	1,171.42	1,070.13	3,620.26	3,051.36	3,948.43
	(c) Provisions and bad debts written-off	10,471.05	9,508.20	9,949.59	28,757.55	27,638.56	37,497.60
	(d) Brokerage and commission	2,690.39	2,735.04	2,980.85	8,275.89	9,308.69	12,255.73
	(e) Other expenses	4,342.01	4,228.02	4,118.05	12,527.74	11,849.79	15,467.83
	Total expenses	**26,556.55**	**24,924.72**	**26,146.81**	**75,869.18**	**76,627.23**	**100,891.29**
3	**Profit from operations before other income and finance costs (1-2)**	**31,505.59**	**35,092.13**	**36,050.78**	**102,583.33**	**107,291.57**	**146,328.25**
4	Other income	1,350.21	1,585.29	718.71	4,103.76	2,497.61	3,413.54
5.	**Profit from ordinary activities before finance costs (3+4)**	**32,855.80**	**36,677.42**	**36,769.49**	**106,687.09**	**109,789.18**	**149,741.79**
6.	Finance costs	27,215.80	29,019.77	29,368.30	86,853.61	89,360.75	119,159.57
7.	**Profit from ordinary activities before tax (5-6)**	**5,640.00**	**7,657.65**	**7,401.19**	**19,833.48**	**20,428.43**	**30,582.22**
8.	Tax expense (includes deferred tax)	1,991.45	2,598.63	2,169.47	6,368.65	5,676.50	9,234.35
9	**Net Profit from ordinary activities after tax (7-8)**	**3,648.55**	**5,059.02**	**5,231.72**	**13,464.83**	**14,751.93**	**21,347.87**
10	Minority interest	(70.35)	18.05	9.01	17.22	144.32	210.16
11	**Net Profit after taxes and minority interest (9-10)**	**3,718.90**	**5,040.97**	**5,222.71**	**13,447.61**	**14,607.61**	**21,137.71**
12.	Paid-up equity share capital (Face value of ₹ 2/- each)	4,738.67	4,738.67	4,735.62	4,738.67	4,735.62	4,736.57
13.	Reserves and surplus						210,393.24
14	Earnings per share (not annualised)						
	(a) Basic (in ₹)	1.57	2.13	2.17	5.68	6.13	8.89
	(b) Diluted (in ₹)	1.57	2.12	2.16	5.66	6.10	8.86

See accompanying notes to the financial results

Consolidated Segment Reporting for the Quarter and Nine Month Period Ended 31 December 2016

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015	31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	REVENUE *						
	(a) Finance and mortgages	59,113.74	60,916.66	62,646.56	181,274.13	185,784.85	249,524.34
	(b) General insurance	133.90	248.51	21.41	249.17	(522.42)	(232.24)
	(c) Others	164.71	436.97	248.33	1,032.97	1,153.98	1,340.98
	TOTAL REVENUE	59,412.35	61,602.14	62,916.30	182,556.27	186,416.41	250,633.08
2	RESULT - PROFIT BEFORE TAX						
	(a) Finance and mortgages	5,588.36	7,242.05	7,456.00	19,330.57	20,752.90	30,680.16
	(b) General insurance	116.36	248.51	21.41	231.63	(528.51)	(238.40)
	(c) Others	(64.72)	167.09	(76.22)	271.28	204.04	140.46
	TOTAL	5,640.00	7,657.65	7,401.19	19,833.48	20,428.43	30,582.22
3.	ASSETS						
	(a) Finance and mortgages	1,421,330.30	1,407,878.58	1,527,971.88	1,421,330.30	1,527,971.88	1,505,583.66
	(b) General Insurance	41,661.82	41,500.22	38,601.10	41,661.82	38,601.10	39,379.41
	(c) Others	7,017.16	7,423.44	7,476.80	7,017.16	7,476.80	7,352.01
	TOTAL	1,470,009.28	1,456,802.24	1,574,049.78	1,470,009.28	1,574,049.78	1,552,315.08
4.	LIABILITIES						
	(a) Finance and mortgages	1,203,688.16	1,194,061.71	1,305,935.54	1,203,688.16	1,305,935.54	1,299,975.96
	(b) General insurance	32,458.86	32,389.08	29,657.38	32,458.86	29,657.38	30,363.93
	(c) Others	944.83	1,093.18	1,496.69	944.83	1,496.69	1,353.55
	TOTAL	1,237,091.85	1,227,543.97	1,337,089.61	1,237,091.85	1,337,089.61	1,331,693.44

* Includes 'Other income'

MAGMA

MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2016

Notes :

1] The unaudited financial results have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its Meeting held on 09 February 2017.

2] The Statutory Auditors have carried out limited review of the consolidated financial results as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have issued an unqualified opinion thereon.

3] In accordance with Regulation 33 of the Listing Regulations, the Company shall publish consolidated financial results. The standalone financial results of the Company is available on the Company's website www.magma.co.in or on the website of BSE (www.bseindia.com) or NSE (www.nseindia.com).

4] The Step down subsidiary of the Company i.e. Magma Housing Finance (A Public Company with Unlimited Liability) has been converted from Unlimited Liability to Company Limited by shares w.e.f. 19 December 2016. Presently the category of the Company stands as limited by shares but the name continues to be Magma Housing Finance (A Public Company with Unlimited Liability).

5] The consolidated financial results have been prepared in accordance with the Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) and comprise of the financial results of Magma Fincorp Limited, its subsidiaries, Magma ITL Finance Limited ('MITL') and Magma Advisory Services Limited ('MASL'), its step down subsidiary, Magma Housing Finance (A Public Company with Unlimited Liability) ('MHF') (subsidiary of MASL) and Joint Venture Companies, Magma HDI General Insurance Company Limited ('MHDI') and Jaguar Advisory Services Private Limited ('JASPL').

6] Post demonetization of existing Rs. 500 and Rs. 1,000 denomination currency notes by the Government Of India on November 8, 2016, the Reserve Bank of India vide circular no. DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 permitted Regulated Entities additional 60/90 days for classification of certain types of loan accounts as substandard. Such dispensation has been applied only in tractor loan portfolio recognising the fact that these customers had significant difficulties in mobilising cash for their payments. The dispensation benefit has not been used for any of the other loan products. As a result of the above, the charge in the quarterly financial results on account of provision for non-performing assets for the quarter and nine months ended December 31, 2016, is lower by Rs. 1345.25 lacs (including income de-recognition thereon) on a stand-alone basis and Rs. 1838.79 lacs (including income de-recognition thereon) on a consolidated basis as at December 31, 2016.

7] The listed Non Convertible Debentures of the Company as on 31 December 2016 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.

8] The Company has reported segment wise information as per Accounting Standard 17 (Segment Reporting) as prescribed under Section 133 of the Companies Act, 2013. As the operations of the Company are conducted through its subsidiaries and joint ventures within India, there is no separate reportable geographical segment.

9] Unaudited Financial Results of Magma Fincorp Limited (Standalone Information):

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015	31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Total income from operations	48,785.25	50,479.18	53,022.64	150,113.05	157,286.02	210,964.05
2.	Profit from ordinary activities before tax	4,577.86	5,983.73	6,058.18	16,080.10	18,085.06	26,597.09
3.	Net Profit from ordinary activities after tax	2,943.86	3,905.68	4,355.89	10,858.83	13,101.10	18,714.97

10] 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 : 09 February 2017

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

Chartered Accountants

Godrej Waterside, Unit No. 603
6th Floor, Tower 1, Plot No. 5
Block - DP, Sector V, Salt Lake
Kolkata - 700 091

Telephone: + 91 33 4403 4000
Fax: + 91 33 4403 4199

Review report

To the Board of Directors
Magma Fincorp Limited

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results ('the Statement') of Magma Fincorp Limited ('the Company') for the quarter and nine months ended 31 December 2016 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 9 February 2017. Our responsibility is to issue a report on the Statement based on our review.

3. 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" issued by the Institute of Chartered Accountants of India. 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 the Company's 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.

4. Based on our review conducted as mentioned in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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

Jayanta Mukhopadhyay
Partner
Membership No: 055757

Place: Kolkata
Date: 9 February 2017

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, Mahalakshmi
Mumbai - 400 011

MAGMA

MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2016

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015	31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	**Income from operations**						
	(a) Revenue from operations	48,785.25	50,479.18	53,022.64	150,113.05	157,286.02	210,964.03
	Total income from operations	**48,785.25**	**50,479.18**	**53,022.64**	**150,113.05**	**157,286.02**	**210,964.03**
2.	**Expenses**						
	(a) Employee benefits expense	5,923.52	5,571.02	6,289.50	17,280.84	19,346.54	24,658.18
	(b) Depreciation and amortisation expense	1,261.80	1,165.85	1,064.63	3,604.37	3,042.69	3,934.44
	(c) Provisions and bad debts written-off	9,114.74	8,777.26	9,068.78	25,550.80	24,994.29	33,736.41
	(d) Brokerage and commission	2,551.58	2,598.61	2,846.11	7,844.78	8,885.62	11,658.20
	(e) Other expenses	3,856.68	3,722.38	3,594.09	11,054.66	10,369.16	13,522.33
	Total expenses	**22,808.32**	**21,835.12**	**22,863.11**	**65,335.25**	**66,638.30**	**87,509.56**
3.	**Profit from operations before other income and finance costs (1-2)**	**25,976.93**	**28,644.06**	**30,159.53**	**84,777.80**	**90,647.72**	**123,454.47**
4.	Other income	1,177.66	1,386.31	593.76	3,578.18	2,287.00	2,951.52
5.	**Profit from ordinary activities before finance costs (3+4)**	**27,154.59**	**30,030.37**	**30,753.29**	**88,355.98**	**92,934.72**	**126,405.99**
6.	Finance costs	22,576.73	24,046.64	24,695.11	72,275.88	74,849.66	99,808.90
7.	**Profit from ordinary activities before tax (5-6)**	**4,577.86**	**5,983.73**	**6,058.18**	**16,080.10**	**18,085.06**	**26,597.09**
8.	Tax expense (includes deferred tax)	1,634.00	2,080.05	1,702.29	5,221.27	4,983.96	7,882.12
9.	**Net Profit from ordinary activities after tax (7-8)**	**2,943.86**	**3,903.68**	**4,355.89**	**10,858.83**	**13,101.10**	**18,714.97**
10	Paid-up equity share capital (Face value of ₹ 2/- each)	4,738.67	4,738.67	4,735.62	4,738.67	4,735.62	4,736.57
11.	Reserves and surplus						198,404.61
12	Earnings per share (not annualised)						
	(a) Basic (in ₹)	1.24	1.65	1.80	4.58	5.47	7.84
	(b) Diluted (in ₹)	1.24	1.64	1.80	4.57	5.45	7.82

See accompanying notes to the financial results

Notes :

1] The unaudited financial results have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its Meeting held on 09 February 2017.

2] The Statutory Auditors have carried out limited review of the standalone financial results as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") and have issued an unqualified opinion thereon.

3] Post demonetization of existing Rs. 500 and Rs. 1,000 denomination currency notes by the Government Of India on November 8, 2016, the Reserve Bank of India vide circular no. DBR No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 permitted Regulated Entities additional 60/90 days for classification of certain types of loan accounts as substandard. Such dispensation has been applied only in tractor loan portfolio recognising the fact that these customers had significant difficulties in mobilising cash for their payments. The dispensation benefit has not been used for any of the other loan products.
As a result of the above, the charge in the quarterly financial results on account of provision for non-performing assets for the quarter and nine months ended December 31, 2016, is lower by Rs. 1345.25 lacs (including income de-recognition thereon) as at December 31, 2016.

4] The listed Non Convertible Debentures of the Company as on 31 December 2016 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.

5] As per paragraph 4 of Accounting Standard 17 (Segment Reporting) prescribed under Section 133 of the Companies Act, 2013, segment reporting needs to be presented only on the basis of consolidated financial results. In view of this, segment information has been presented in the consolidated financial results.

6] 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 09 February 2017

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
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
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Review report

To the Board of Directors
Magma Fincorp Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Magma Fincorp Limited ('the Company'), its subsidiaries and joint ventures (the Company, its subsidiaries and joint ventures constitute 'the Group') for the quarter ended 30 September 2017 and the year to date consolidated financial results for the period 1 April 2017 to 30 September 2017 (together known as 'the Statement'), being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Regulations).

2. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 9 November 2017. Our responsibility is to issue a report on the Statement based on our review.

3. 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" issued by the Institute of Chartered Accountants of India. 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's 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.

4. We did not review the condensed interim financial statements of one joint venture and one step-down subsidiary included in the unaudited consolidated financial results whose condensed interim financial statements reflect total assets of Rs 263,603 lakhs as at 30 September 2017 as well as total revenue of Rs 5,721 lakhs for the quarter ended 30 September 2017 and Rs 11,363 lakhs for the period 1 April 2017 to 30 September 2017 as considered in the Statement of the Group. These condensed interim financial statements have been reviewed by other auditors whose reports have been furnished to us by the Management. Our report on the Statement of the Group, in so far as it related to the amounts and disclosures included in respect of these joint venture and step-down subsidiary, is based solely on the reports of the other auditors.

5. We did not review the condensed interim financial statements of two subsidiary and one joint venture included in the consolidated financial results, whose condensed interim financial statements reflect total assets of Rs 79,063 lakhs as at 30 September 2017 as well as total revenue of Rs 1,932 lakhs for the quarter ended 30 September 2017 and Rs 4,750 lakhs for the period 1 April 2017 to 30 September 2017. These condensed interim financial statements have been furnished to us by management and our report on the Statement of the Group, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and joint venture, is based solely on such condensed interim financial statements certified by respective management. Our opinion is not modified in respect of the said 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

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011. India

Review report (continued)

Magma Fincorp Limited

6. Based on our review conducted as mentioned in paragraphs 3 to 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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

Manoj Kumar Vijai
Partner
Membership No:046882

Place: Mumbai
Date: 9 November 2017

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MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2017

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		30 September 2017	30 June 2017	30 September 2016	30 September 2017	30 September 2016	31 March 2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	**Revenue**						
	(a) Revenue from operations	53,129.01	54,922.87	59,877.89	108,051.88	120,462.10	234,561.95
	(b) Operating result from general insurance business	25.69	(23.17)	138.96	2.52	(71.73)	(114.48)
	(c) Other income	1,816.75	1,924.58	1,585.29	3,741.33	2,753.55	5,497.69
	Total revenue (net)	**54,971.45**	**56,824.28**	**61,602.14**	**111,795.73**	**123,143.92**	**239,945.16**
2.	**Expenses**						
	(a) Employee benefits expense	8,903.53	8,862.47	7,282.04	17,766.00	15,002.09	29,332.04
	(b) Finance costs	22,805.45	24,022.44	29,019.77	46,827.89	59,637.81	112,544.47
	(c) Depreciation and amortisation expense	1,169.62	1,285.25	1,171.42	2,454.87	2,252.81	4,850.13
	(d) Provisions and bad debts written-off	7,485.61	9,144.66	9,508.20	16,630.27	18,286.50	60,685.95
	(e) Brokerage and commission	2,416.58	2,286.19	2,735.04	4,702.77	5,585.50	11,178.34
	(f) Other expenses	4,222.21	4,429.69	4,228.02	8,651.90	8,185.73	16,675.11
	Total expenses	**47,003.00**	**50,030.70**	**53,944.49**	**97,033.70**	**108,950.44**	**235,266.04**
3.	**Profit from ordinary activities before tax (1-2)**	**7,968.45**	**6,793.58**	**7,657.65**	**14,762.03**	**14,193.48**	**4,679.12**
4.	**Tax expense**						
	(a) Current tax	2,950.98	2,353.16	3,162.53	5,304.14	5,081.57	1,500.08
	(b) Deferred tax	132.02	(66.81)	(563.90)	65.21	(704.37)	1,905.81
	Total tax expense	**3,083.00**	**2,286.35**	**2,598.63**	**5,369.35**	**4,377.20**	**3,405.89**
5.	**Net Profit from ordinary activities after tax (3-4)**	**4,885.45**	**4,507.23**	**5,059.02**	**9,392.68**	**9,816.28**	**1,273.23**
6.	Minority interest	8.12	(8.12)	18.05	-	87.57	(772.04)
7.	**Net Profit after taxes and minority interest (5-6)**	**4,877.33**	**4,515.35**	**5,040.97**	**9,392.68**	**9,728.71**	**2,045.27**
8.	Paid-up equity share capital (Face value of ₹ 2/- each)	4,739.47	4,739.47	4,738.67	4,739.47	4,738.67	4,739.19
9.	Reserves and surplus						212,474.18
10.	Earnings per share (not annualised)						
	(a) Basic (in ₹)	2.06	1.91	2.13	3.96	4.11	0.86
	(b) Diluted (in ₹)	2.05	1.90	2.12	3.95	4.09	0.86

See accompanying notes to the financial results

Consolidated Segment Reporting for the Quarter and Six Month Period Ended 30 September 2017

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		30 September 2017	30 June 2017	30 September 2016	30 September 2017	30 September 2016	31 March 2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	**REVENUE**						
	(a) Finance and mortgages	54,508.92	56,411.70	60,916.66	110,920.62	122,160.39	238,354.38
	(b) General insurance	109.18	26.96	248.51	136.14	115.27	361.06
	(c) Others	353.35	385.62	436.97	738.97	868.26	1,229.72
	TOTAL REVENUE	**54,971.45**	**56,824.28**	**61,602.14**	**111,795.73**	**123,143.92**	**239,945.16**
2.	**RESULT - PROFIT BEFORE TAX**						
	(a) Finance and mortgages	7,715.58	6,592.97	7,242.05	14,308.55	13,742.21	4,106.74
	(b) General insurance	107.66	25.50	248.51	133.16	115.27	294.76
	(c) Others	145.21	175.11	167.09	320.32	336.00	277.62
	TOTAL	**7,968.45**	**6,793.58**	**7,657.65**	**14,762.03**	**14,193.48**	**4,679.12**
3.	**ASSETS**						
	(a) Finance and mortgages	1,247,813.43	1,272,969.29	1,407,878.58	1,247,813.43	1,407,878.58	1,309,673.86
	(b) General insurance	46,568.96	45,016.47	41,500.22	46,568.96	41,500.22	43,154.01
	(c) Others	6,827.80	6,818.72	7,423.44	6,827.80	7,423.44	6,693.54
	TOTAL	**1,301,210.19**	**1,324,804.48**	**1,456,802.24**	**1,301,210.19**	**1,456,802.24**	**1,359,521.41**
4.	**LIABILITIES**						
	(a) Finance and mortgages	1,039,134.52	1,063,231.18	1,194,061.71	1,039,134.52	1,194,061.71	1,104,197.80
	(b) General insurance	37,185.65	35,722.87	32,389.08	37,185.65	32,389.08	33,879.61
	(c) Others	541.15	674.15	1,093.18	541.15	1,093.18	811.04
	TOTAL	**1,076,861.32**	**1,099,628.20**	**1,227,543.97**	**1,076,861.32**	**1,227,543.97**	**1,138,888.45**

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MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2017

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 2017.

(₹ in lacs)

	Particulars	As at 30 September 2017 (Unaudited)	As at 31 March 2017 (Audited)
A.	**EQUITY AND LIABILITIES**		
1.	**Shareholders' funds**		
	(a) Share capital	4,739.47	4,739.19
	(b) Reserves and surplus	219,604.92	212,472.60
	(c) Fair value change account	4.48	1.58
	Sub-total - shareholders' funds	**224,348.87**	**217,213.37**
2.	**Minority interest**	-	**3,419.59**
3.	**Non-current liabilities**		
	(a) Long-term borrowings	296,438.13	310,929.43
	(b) Long-term provisions	29,534.22	22,587.50
	Sub-total - non-current liabilities	**325,972.35**	**333,516.93**
4.	**Current liabilities**		
	(a) Short-term borrowings	528,360.32	548,022.99
	(b) Trade payables	22,743.05	19,760.05
	(c) Other current liabilities	189,098.68	228,684.75
	(d) Short-term provisions	10,686.92	8,903.73
	Sub-total - current liabilities	**750,888.97**	**805,371.52**
	TOTAL - EQUITY AND LIABILITIES	**1,301,210.19**	**1,359,521.41**
B.	**ASSETS**		
1.	**Non-current assets**		
	(a) Property, plant and equipment	27,194.33	28,525.93
	(b) Non-current investments	51,033.32	47,292.90
	(c) Deferred tax assets (net)	1,909.13	1,974.34
	(d) Long-term loans and advances	754,191.43	792,267.87
	(e) Other non-current assets	15,928.62	19,761.60
	Sub-total - non-current assets	**850,256.83**	**889,822.64**
2.	**Current assets**		
	(a) Current investments	10,558.25	7,356.05
	(b) Trade receivables	1,105.54	674.93
	(c) Cash and bank balances	42,767.56	35,330.96
	(d) Short-term loans and advances	385,349.72	413,976.24
	(e) Other current assets	11,172.29	12,360.59
	Sub-total - current assets	**450,953.36**	**469,698.77**
	TOTAL - ASSETS	**1,301,210.19**	**1,359,521.41**

2] The unaudited consolidated financial results have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its Meeting held on 09 November 2017.

3] The Statutory Auditors have carried out limited review of the consolidated financial results as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have issued an unmodified opinion thereon.

4] In accordance with Regulation 33 of the Listing Regulations, the Company shall publish consolidated financial results. The standalone financial results of the Company is 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 Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) and comprise of the financial results of Magma Fincorp Limited, its subsidiaries, Magma ITL Finance Limited ('MITL') and Magma Advisory Services Limited ('MASL'), its step down subsidiary, Magma Housing Finance Limited ('MHFL') {Formerly Magma Housing Finance (A Public Company with Unlimited Liability)} (subsidiary of MASL) and Joint Venture Companies, Magma HDI General Insurance Company Limited ('MHDI') and Jaguar Advisory Services Private Limited ('JASPL').

6] The Board of Directors and Shareholders of the Company at their meeting held on 20 June 2017 and 02 August 2017 had approved the Scheme of Merger under Section 230 read with Section 233 of the Companies Act, 2013 and Rules made thereunder (the 'Scheme') for merger of its wholly owned subsidiary, Magma Advisory Services Limited ('MASL') with the Company by transferring the Undertaking (as defined in the Scheme) of such subsidiary to the Company with effect from 01 April 2017, being the Appointed date and / or Closing Date as provided in the Scheme. The Company has submitted final application for approval of the Scheme with Regional Director ('RD'), Registrar of Companies and Official Liquidator and is pending for final order from RD.

7] During the quarter, the Company has acquired 26% equity shares of Magma ITL Finance Limited ('MITL'), a subsidiary company, from International Tractors Limited ('ITL') (erstwhile Joint Venture Partner). Pursuant to the said acquisition, MITL has become a wholly owned subsidiary of the Company.

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MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2017

8] The Board of Directors of the Company at its Meeting held on 09 November 2017 has approved the Scheme of Merger under Section 230- 232 of the Companies Act, 2013 read with Rules made thereunder (the 'Scheme') for merger of its wholly owned subsidiary, MITL with the Company by transferring the Undertaking (as defined in the Scheme) of such subsidiary to the Company with effect from 01 October 2017, being the Appointed date and / or Effective Date as provided in the Scheme. Pursuant to the Scheme there shall be no change in shareholding pattern and capital structure of the Company and the entire shareholding that the Company holds in MITL shall stand cancelled. The Scheme is subject to approval of shareholders/creditors of the respective Companies and National Company Law Tribunal, Eastern Region.

9] The Shareholders at their Annual General Meeting held on 02 August 2017 approved the payment of equity dividend @ 40 % i.e. ₹ 0.80 per equity share of ₹ 2/- each and preference dividend of 4.57 % (on pro-rata basis) for the financial year 2016-17. The Company has accordingly paid the equity and preference dividend (including taxes) aggregating to ₹ 2,281.73 lacs & ₹ 0.90 lacs respectively to the shareholders appearing as on record date.

10] As required by RBI Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dated 10 November 2014, the Company proposes to adopt the revised Non-Performing Assets ('NPA') norms applicable for the year ending 31 March 2018, in a phased manner over the financial year. During the quarter and half year ended 30 September 2017, the Company has made provision of ₹ 791.98 lacs and ₹ 1,823.26 lacs respectively, (including income de-recognition) towards loans which are overdue for over three months. Accordingly, the profit before tax for the quarter and half year ended 30 September 2017 is lower to the extent of ₹ 791.98 lacs and ₹ 1,823.26 lacs respectively.

11] The listed Non Convertible Debentures of the Company as on 30 September 2017 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.

12] The Company has reported segment wise information as per Accounting Standard 17 (Segment Reporting) as prescribed under Section 133 of the Companies Act, 2013. As the operations of the Company are conducted through its subsidiaries and joint ventures within India, there is no separate reportable geographical segment.

13] Unaudited Financial Results of Magma Fincorp Limited (Standalone Information):

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		30 September 2017	30 June 2017	30 September 2016	30 September 2017	30 September 2016	31 March 2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Total income from operations	47,901.81	48,870.60	51,865.49	96,772.41	103,728.32	202,204.50
2.	Profit from ordinary activities before tax	5,563.24	5,858.69	5,983.73	11,421.93	11,502.24	1,070.81
3.	Net Profit from ordinary activities after tax	3,687.03	3,907.35	3,903.68	7,594.38	7,915.09	609.68

14] 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 : 00009894

Place : Mumbai

Dated : 09 November 2017

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
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Review report

To the Board of Directors
Magma Fincorp Limited

1. We have reviewed the accompanying Statement of unaudited financial results of Magma Fincorp Limited ('the Company') for the quarter ended 30 September 2017 and year to date results for the period 1 April 2017 to 30 September 2017 ('the Statement'). This Statement has been prepared by the Company pursuant to Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Regulations).

2. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 9 November 2017. Our responsibility is to issue a report on the Statement based on our review.

3. 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" issued by the Institute of Chartered Accountants of India. 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's 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.

4. 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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

Manoj Kumar Vijai
Partner
Membership No: 046882

Place: Mumbai
Date: 9 November 2017

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

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MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2017

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		30 September 2017 (Unaudited)	30 June 2017 (Unaudited)	30 September 2016 (Unaudited)	30 September 2017 (Unaudited)	30 September 2016 (Unaudited)	31 March 2017 (Audited)
1.	**Revenue**						
	(a) Revenue from operations	46,073.01	47,004.38	50,479.18	93,077.39	101,327.80	197,297.85
	(b) Other income	1,828.80	1,866.22	1,386.31	3,695.02	2,400.52	4,906.65
	Total revenue	**47,901.81**	**48,870.60**	**51,865.49**	**96,772.41**	**103,728.32**	**202,204.50**
2.	**Expenses**						
	(a) Employee benefits expense	7,796.86	7,538.26	5,571.02	15,335.12	11,357.32	23,020.76
	(b) Finance costs	19,401.64	20,314.77	24,046.64	39,716.41	49,699.15	93,788.05
	(c) Depreciation and amortisation expense	1,163.21	1,278.88	1,165.85	2,442.09	2,242.37	4,828.66
	(d) Provisions and bad debts written-off	7,810.27	7,735.90	8,777.26	15,546.17	16,436.06	54,232.49
	(e) Brokerage and commission	2,319.52	2,163.13	2,598.61	4,482.65	5,293.20	10,606.68
	(f) Other expenses	3,847.07	3,980.97	3,722.38	7,828.04	7,197.98	14,657.05
	Total expenses	**42,338.57**	**43,011.91**	**45,881.76**	**85,350.48**	**92,226.08**	**201,133.69**
3.	**Profit from ordinary activities before tax (1-2)**	**5,563.24**	**5,858.69**	**5,983.73**	**11,421.93**	**11,502.24**	**1,070.81**
4.	**Tax expense**						
	(a) Current tax	1,710.00	2,047.96	2,597.88	3,757.96	4,269.20	(330.07)
	(b) Deferred tax	166.21	(96.62)	(517.83)	69.59	(682.05)	791.20
	Total tax expense	**1,876.21**	**1,951.34**	**2,080.05**	**3,827.55**	**3,587.15**	**461.13**
5.	**Net Profit from ordinary activities after tax (3-4)**	**3,687.03**	**3,907.35**	**3,903.68**	**7,594.38**	**7,915.09**	**609.68**
6.	Paid-up equity share capital (Face value of ₹ 2/- each)	4,739.47	4,739.47	4,738.67	4,739.47	4,738.67	4,739.19
7.	Reserves and surplus						199,050.19
8.	Earnings per share (not annualised)						
	(a) Basic (in ₹)	1.56	1.65	1.65	3.20	3.34	0.26
	(b) Diluted (in ₹)	1.55	1.65	1.64	3.20	3.33	0.26

See accompanying notes to the financial results

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MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2017

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 2017.

(₹ in lacs)

	Particulars	As at 30 September 2017 (Unaudited)	As at 31 March 2017 (Audited)
A.	**EQUITY AND LIABILITIES**		
1.	**Shareholders' funds**		
	(a) Share capital	4,739.47	4,739.19
	(b) Reserves and surplus	204,384.19	199,050.19
	Sub-total - shareholders' funds	**209,123.66**	**203,789.38**
2.	**Non-current liabilities**		
	(a) Long-term borrowings	238,885.10	238,677.37
	(b) Long-term provisions	22,720.64	18,534.81
	Sub-total - non-current liabilities	**261,605.74**	**257,212.18**
3.	**Current liabilities**		
	(a) Short-term borrowings	481,449.06	487,335.75
	(b) Trade payables	22,109.96	18,307.40
	(c) Other current liabilities	123,377.78	171,123.45
	(d) Short-term provisions	2,380.87	1,426.58
	Sub-total - current liabilities	**629,317.67**	**678,193.18**
	TOTAL - EQUITY AND LIABILITIES	**1,100,047.07**	**1,139,194.74**
B.	**ASSETS**		
1.	**Non-current assets**		
	(a) Property, plant and equipment	20,317.20	21,643.99
	(b) Non-current investments	57,494.57	53,284.47
	(c) Deferred tax assets (net)	1,902.08	1,971.67
	(d) Long-term loans and advances	598,105.93	624,483.61
	(e) Other non-current assets	14,149.63	16,913.69
	Sub-total - non-current assets	**691,969.41**	**718,297.43**
2.	**Current assets**		
	(a) Current investments	6,431.96	4,737.23
	(b) Trade receivables	1,133.53	643.21
	(c) Cash and bank balances	34,634.57	27,249.11
	(d) Short-term loans and advances	358,915.88	380,302.82
	(e) Other current assets	6,961.72	7,964.94
	Sub-total - current assets	**408,077.66**	**420,897.31**
	TOTAL - ASSETS	**1,100,047.07**	**1,139,194.74**

2] The unaudited standalone financial results have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its Meeting held on 09 November 2017.

3] The Statutory Auditors have carried out limited review of the standalone financial results as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have issued an unmodified opinion thereon.

4] The Board of Directors and Shareholders of the Company at their meeting held on 20 June 2017 and 02 August 2017 had approved the Scheme of Merger under Section 230 read with Section 233 of the Companies Act, 2013 and Rules made thereunder (the 'Scheme') for merger of its wholly owned subsidiary, Magma Advisory Services Limited ('MASL') with the Company by transferring the Undertaking (as defined in the Scheme) of such subsidiary to the Company with effect from 01 April 2017, being the Appointed date and / or Closing Date as provided in the Scheme. The Company has submitted final application for approval of the Scheme with Regional Director ('RD'), Registrar of Companies and Official Liquidator and is pending for final order from RD.

5] During the quarter, the Company has acquired 26% equity shares of Magma ITL Finance Limited ('MITL'), a subsidiary company, from International Tractors Limited ('ITL') (erstwhile Joint Venture Partner). Pursuant to the said acquisition, MITL has become a wholly owned subsidiary of the Company.

6] The Board of Directors of the Company at its Meeting held on 09 November 2017 has approved the Scheme of Merger under Section 230- 232 of the Companies Act, 2013 read with Rules made thereunder (the 'Scheme') for merger of its wholly owned subsidiary, MITL with the Company by transferring the Undertaking (as defined in the Scheme) of such subsidiary to the Company with effect from 01 October 2017, being the Appointed date and / or Effective Date as provided in the Scheme. Pursuant to the Scheme there shall be no change in shareholding pattern and capital structure of the Company and the entire shareholding that the Company holds in MITL shall stand cancelled. The Scheme is subject to approval of shareholders/creditors of the respective Companies and National Company Law Tribunal, Eastern Region.

MAGMA

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MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2017

7] The Shareholders at their Annual General Meeting held on 02 August 2017 approved the payment of equity dividend @ 40 % i.e. ₹ 0.80 per equity share of ₹ 2/- each and preference dividend of 4.57 % (on pro-rata basis) for the financial year 2016-17. The Company has accordingly paid the equity and preference dividend (including taxes) aggregating to ₹ 2,281.73 lacs & ₹ 0.90 lacs respectively to the shareholders appearing as on record date.

8] As required by RBI Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dated 10 November 2014, the Company proposes to adopt the revised Non-Performing Assets ('NPA') norms applicable for the year ending 31 March 2018, in a phased manner over the financial year. During the quarter and half year ended 30 September 2017, the Company has made provision of ₹ 654.51 lacs and ₹ 1,596.66 lacs respectively, (including income de-recognition) towards loans which are overdue for over three months. Accordingly, the profit before tax for the quarter and half year ended 30 September 2017 is lower to the extent of ₹ 654.51 lacs and ₹ 1,596.66 lacs respectively.

9] The listed Non Convertible Debentures of the Company as on 30 September 2017 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.

10] As per paragraph 4 of Accounting Standard 17 (Segment Reporting) prescribed under Section 133 of the Companies Act, 2013, segment reporting needs to be presented only on the basis of consolidated financial results. In view of this, segment information has been presented in the consolidated financial results.

11] 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 : 00009894

Place : Mumbai

Dated : 09 November 2017

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

MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2016

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		30 September 2016 (Unaudited)	30 June 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	31 March 2016 (Audited)
1.	**Income from operations**						
	(a) Revenue from operations	59,877.89	60,584.21	61,526.45	120,462.10	122,403.89	247,777.34
	(b) Operating result from general insurance business	138.96	(210.69)	(459.13)	(71.73)	(682.68)	(557.80)
	Total income from operations (net)	**60,016.85**	**60,373.52**	**61,067.32**	**120,390.37**	**121,721.21**	**247,219.54**
2.	**Expenses**						
	(a) Employee benefits expense	7,282.04	7,720.05	8,146.46	15,002.09	16,750.64	31,721.70
	(b) Depreciation and amortisation expense	1,171.42	1,081.39	1,017.42	2,252.81	1,981.23	3,948.43
	(c) Provisions and bad debts written-off	9,508.20	8,778.30	8,904.32	18,286.50	17,688.97	37,497.60
	(d) Brokerage and commission	2,735.04	2,850.46	3,103.65	5,585.50	6,327.84	12,255.73
	(e) Other expenses	4,228.02	3,957.71	4,033.48	8,185.73	7,731.74	15,467.83
	Total expenses	**24,924.72**	**24,387.91**	**25,205.33**	**49,312.63**	**50,480.42**	**100,891.29**
3.	**Profit from operations before other income and finance costs (1-2)**	**35,092.13**	**35,985.61**	**35,861.99**	**71,077.74**	**71,240.79**	**146,328.25**
4.	Other income	1,585.29	1,168.26	988.10	2,753.55	1,778.90	3,413.54
5.	**Profit from ordinary activities before finance costs (3+4)**	**36,677.42**	**37,153.87**	**36,850.09**	**73,831.29**	**73,019.69**	**149,741.79**
6.	Finance costs	29,019.77	30,618.04	29,545.33	59,637.81	59,992.45	119,159.57
7.	**Profit from ordinary activities before tax (5-6)**	**7,657.65**	**6,535.83**	**7,304.76**	**14,193.48**	**13,027.24**	**30,582.22**
8	Tax expense (includes deferred tax)	2,598.63	1,778.57	2,430.18	4,377.20	3,507.03	9,234.35
9.	**Net Profit from ordinary activities after tax (7-8)**	**5,059.02**	**4,757.26**	**4,874.58**	**9,816.28**	**9,520.21**	**21,347.87**
10.	Minority interest	18.05	69.52	12.10	87.57	135.31	210.16
11.	**Net Profit after taxes and minority interest (9-10)**	**5,040.97**	**4,687.74**	**4,862.48**	**9,728.71**	**9,384.90**	**21,137.71**
12.	Paid-up equity share capital (Face value of ₹ 2/- each)	4,738.67	4,736.87	4,735.62	4,738.67	4,735.62	4,736.57
13.	Reserves and surplus						210,393.24
14.	Earnings per share (not annualised)						
	(a) Basic (in ₹)	2.13	1.98	1.99	4.11	3.95	8.89
	(b) Diluted (in ₹)	2.12	1.97	1.98	4.09	3.93	8.86

See accompanying notes to the financial results

Consolidated Segment Reporting for the Quarter and Six Month Period Ended 30 September 2016

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		30 September 2016 (Unaudited)	30 June 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	31 March 2016 (Audited)
1.	REVENUE *						
	(a) Finance and mortgages	60,916.66	61,243.73	61,919.49	122,160.39	123,138.29	249,524.34
	(b) General insurance	248.51	(133.24)	(356.98)	115.27	(543.83)	(232.24)
	(c) Others	436.97	431.29	492.91	868.26	905.65	1,340.98
	TOTAL REVENUE	61,602.14	61,541.78	62,055.42	123,143.92	123,500.11	250,633.08
2.	RESULT - PROFIT BEFORE TAX						
	(a) Finance and mortgages	7,242.05	6,500.16	7,488.22	13,742.21	13,296.90	30,680.16
	(b) General insurance	248.51	(133.24)	(362.96)	115.27	(549.92)	(238.40)
	(c) Others	167.09	168.91	179.50	336.00	280.26	140.46
	TOTAL	7,657.65	6,535.83	7,304.76	14,193.48	13,027.24	30,582.22
3.	ASSETS						
	(a) Finance and mortgages	1,407,878.58	1,496,632.75	1,481,933.86	1,407,878.58	1,481,933.86	1,505,583.66
	(b) General insurance	41,500.22	40,953.00	37,387.88	41,500.22	37,387.88	39,379.41
	(c) Others	7,423.44	7,474.58	7,723.91	7,423.44	7,723.91	7,352.01
	TOTAL	1,456,802.24	1,545,060.33	1,527,045.65	1,456,802.24	1,527,045.65	1,552,315.08
4.	LIABILITIES						
	(a) Finance and mortgages	1,194,061.71	1,287,662.83	1,258,892.70	1,194,061.71	1,258,892.70	1,299,975.96
	(b) General insurance	32,389.08	32,072.52	28,468.96	32,389.08	28,468.96	30,363.93
	(c) Others	1,093.18	1,210.73	1,640.78	1,093.18	1,640.78	1,353.55
	TOTAL	1,227,543.97	1,320,946.08	1,289,002.44	1,227,543.97	1,289,002.44	1,331,693.44

* Includes 'Other income'

MAGMA FINCORP LIMITED "MAGMA HOUSE" 24, Park Street, Kolkata-16

MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2016

Consolidated Statement of Assets and Liabilities

(Rs. in lacs)

	Particulars	As at 30 September 2016 (Unaudited)	As at 31 March 2016 (Audited)
A.	**EQUITY AND LIABILITIES**		
1.	**Shareholders' funds**		
	(a) Share capital	4,738.67	6,036.77
	(b) Reserves and surplus	220,236.88	210,391.46
	(c) Fair value change account	3.52	1.78
	Sub-total - shareholders' funds	224,979.07	216,430.01
2.	**Minority interest**	4,279.20	4,191.63
3.	**Non-current liabilities**		
	(a) Long-term borrowings	338,529.59	331,316.17
	(b) Long-term provisions	42,502.05	34,919.22
	Sub-total - non-current liabilities	381,031.64	366,235.39
4.	**Current liabilities**		
	(a) Short-term borrowings	569,298.64	700,455.58
	(b) Trade payables	18,470.61	18,335.07
	(c) Other current liabilities	249,571.18	233,608.43
	(d) Short-term provisions	9,171.90	13,058.97
	Sub-total - current liabilities	846,512.33	965,458.05
	TOTAL - EQUITY AND LIABILITIES	1,456,802.24	1,552,315.08
B.	**ASSETS**		
1.	**Non-current assets**		
	(a) Fixed assets	28,927.04	27,845.91
	(b) Non-current investments	37,631.56	32,415.17
	(c) Deferred tax assets (net)	4,584.52	3,880.15
	(d) Long-term loans and advances	885,011.70	951,079.48
	(e) Other non-current assets	23,664.27	13,491.84
	Sub-total - non-current assets	979,819.09	1,028,712.55
2.	**Current assets**		
	(a) Current investments	9,280.00	7,552.62
	(b) Trade receivables	1,004.51	705.33
	(c) Cash and bank balances	32,513.38	40,838.46
	(d) Short-term loans and advances	421,756.56	462,193.77
	(e) Other current assets	12,428.70	12,312.35
	Sub-total - current assets	476,983.15	523,602.53
	TOTAL - ASSETS	1,456,802.24	1,552,315.08

MAGMA FINCORP LIMITED "MAGMA HOUSE" 24, Park Street, Kolkata-16

MAGMA

MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2016

Notes :

1] The unaudited financial results have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its Meeting held on 03 November 2016.

2] The Statutory Auditors have carried out limited review of the consolidated financial results as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have issued an unqualified opinion thereon.

3] In accordance with Regulation 33 of the Listing Regulations, the Company shall publish consolidated financial results. The standalone financial results of the Company is available on the Company's website www.magma.co.in or on the website of BSE (www.bseindia.com) or NSE (www.nseindia.com).

4] The consolidated financial results have been prepared in accordance with the Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) and comprise of the financial results of Magma Fincorp Limited, its subsidiaries, Magma ITL Finance Limited ('MITL') and Magma Advisory Services Limited ('MASL'), its step down subsidiary, Magma Housing Finance (A Public Company with Unlimited Liability) ('MHF') (subsidiary of MASL) and Joint Venture Companies, Magma HDI General Insurance Company Limited ('MHDI') and Jaguar Advisory Services Private Limited ('JASPL').

5] During the quarter, the Nomination and Remuneration Committee of the Board of Directors has granted 1,25,000 options under Magma Employee Stock Option Plan 2007 (MESOP 2007) pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of the SEBI (Share Based Employee Benefits) Regulations, 2014, at an exercise price of ₹ 60/- per share to the eligible employees of the Company (each Option entitles the option holder to 1 equity share of ₹ 2/- each).

6] During the quarter, the Company has allotted on preferential basis 90,000 equity shares of the face value of ₹ 2/- each under the Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of the SEBI (Share Based Employee Benefits) Regulations, 2014, to the eligible employees of the Company. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 23,69,33,672 equity shares of ₹ 2/- each aggregating to ₹ 4,738.67 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect

7] The listed Non Convertible Debentures of the Company as on 30 September 2016 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

8] The Company has reported segment wise information as per Accounting Standard 17 (Segment Reporting) as prescribed under Section 133 of the Companies Act, 2013. As the operations of the Company are conducted through its subsidiaries and joint ventures within India, there is no separate reportable geographical segment.

9] Unaudited Financial Results of Magma Fincorp Limited (Standalone Information):

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		30 September 2016 (Unaudited)	30 June 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	31 March 2016 (Audited)
1.	Total income from operations	50,479.18	50,848.62	52,657.35	101,327.80	104,263.38	210,964.03
2.	Profit from ordinary activities before tax	5,983.73	5,518.51	6,869.98	11,502.24	12,026.88	26,597.09
3.	Net Profit from ordinary activities after tax	3,903.68	4,011.41	4,743.32	7,915.09	8,745.21	18,714.97

10] 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 : 03 November 2016

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

Chartered Accountants

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Sector V, Salt Lake, Kolkata - 700091

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Review report

To the Board of Directors
Magma Fincorp Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results ('the Statement') of Magma Fincorp Limited ('the Company'), its subsidiaries and its joint ventures (the Company, its subsidiaries and joint ventures constitute 'the Group') for the quarter and six months ended 30 September 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 3 November 2016. Our responsibility is to issue a report on the Statement based on our review.

3. 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" issued by the Institute of Chartered Accountants of India. 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 the Company's 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.

4. Figures for the corresponding quarter and six months ended 30 September 2015 have not been reviewed.

5. We did not review the interim financial results of the joint venture included in the Statement whose interim financial results reflect the Group's share in the total assets of Rs 41,500.22 lakhs and Rs 41,500.22 lakhs as at quarter and six months ended 30 September 2016 respectively, operating result Rs 248.51 lakhs and Rs 115.27 lakhs for the quarter and six months ended 30 September 2016, respectively, and the Group's share in the profit after tax of Rs 227.16 lakhs and Rs 93.92 lakhs for the quarter and six months ended 30 September 2016 as considered in the Statement of the Group. These financial results have been reviewed by other auditors whose report has been furnished to us by the Management. Our report on the Statement of the Group, in so far as it related to the amounts and disclosures included in respect of this joint venture, is based solely on the reports of the other auditors.

6. The unaudited consolidated financial results includes the interim financial results of three subsidiaries and one joint venture which have not been reviewed by their auditors and are based solely on the Management's accounts, whose interim financial results reflect total assets of Rs 2,58,958.86 lakhs and Rs 2,58,958.86 lakhs as at quarter and six months ended 30 September 2016 respectively, revenues of Rs 9772.58 lakhs and Rs 19,881.79 lakhs for the quarter and six months ended 30 September 2016, respectively, and profit after tax of Rs 928.18 lakhs and Rs 1,807.27 lakhs for the quarter and six months ended 30 September 2016, respectively, as considered in the Statement.

B S R & Co. LLP Kolkata Chartered Accountants

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, Mahalakshmi
Mumbai - 400 011

Review report (continued)
Magma Fincorp Limited

7. Based on our review conducted as mentioned in paragraphs 3 to 6 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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

B S R & Co. LLP Chartered Accountants KOLKATA

Jayanta Mukhopadhyay
Partner
Membership No:055757

Place: Mumbai
Date: 3 November 2016

MAGMA

MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2016

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		30 September 2016 (Unaudited)	30 June 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	31 March 2016 (Audited)
1.	**Income from operations**						
	(a) Revenue from operations	50,479.18	50,848.62	52,657.35	101,327.80	104,263.38	210,964.03
	Total income from operations	**50,479.18**	**50,848.62**	**52,657.35**	**101,327.80**	**104,263.38**	**210,964.03**
2.	**Expenses**						
	(a) Employee benefits expense	5,571.02	5,786.30	6,367.75	11,357.32	13,057.04	24,658.18
	(b) Depreciation and amortisation expense	1,165.85	1,076.52	1,015.83	2,242.37	1,978.06	3,934.44
	(c) Provisions and bad debts written-off	8,777.26	7,658.80	8,060.28	16,436.06	15,925.51	33,736.41
	(d) Brokerage and commission	2,598.61	2,694.59	2,960.18	5,293.20	6,039.51	11,658.20
	(e) Other expenses	3,722.38	3,475.60	3,519.99	7,197.98	6,775.07	13,522.33
	Total expenses	**21,835.12**	**20,691.81**	**21,924.03**	**42,526.93**	**43,775.19**	**87,509.56**
3.	**Profit from operations before other income and finance costs (1-2)**	**28,644.06**	**30,156.81**	**30,733.32**	**58,800.87**	**60,488.19**	**123,454.47**
4.	Other income	1,386.31	1,014.21	877.46	2,400.52	1,693.24	2,951.52
5.	**Profit from ordinary activities before finance costs (3+4)**	**30,030.37**	**31,171.02**	**31,610.78**	**61,201.39**	**62,181.43**	**126,405.99**
6.	Finance costs	24,046.64	25,652.51	24,740.80	49,699.15	50,154.55	99,808.90
7.	**Profit from ordinary activities before tax (5-6)**	**5,983.73**	**5,518.51**	**6,869.98**	**11,502.24**	**12,026.88**	**26,597.09**
8.	Tax expense (includes deferred tax)	2,080.05	1,507.10	2,126.66	3,587.15	3,281.67	7,883.12
9.	**Net Profit from ordinary activities after tax (7-8)**	**3,903.68**	**4,011.41**	**4,743.32**	**7,915.09**	**8,745.21**	**18,714.97**
10.	Paid-up equity share capital (Face value of ₹ 2/- each)	4,738.67	4,736.87	4,735.62	4,738.67	4,735.62	4,736.57
11.	Reserves and surplus						198,404.64
12.	Earnings per share (not annualised)						
	(a) Basic (in ₹)	1.65	1.69	1.94	3.34	3.67	7.84
	(b) Diluted (in ₹)	1.64	1.69	1.93	3.33	3.65	7.82

See accompanying notes to the financial results

MAGMA FINCORP LIMITED "MAGMA HOUSE" 24, Park Street, Kolkata-16

MAGMA

MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2016

Standalone Statement of Assets and Liabilities

(₹ in lacs)

	Particulars	As at 30 September 2016 (Unaudited)	As at 31 March 2016 (Audited)
A.	**EQUITY AND LIABILITIES**		
1.	**Shareholders' funds**		
	(a) Share capital	4,738.67	6,036.77
	(b) Reserves and surplus	206,436.44	198,404.64
	Sub-total - shareholders' funds	211,175.11	204,441.41
2.	**Non-current liabilities**		
	(a) Long-term borrowings	258,727.95	260,363.35
	(b) Long-term provisions	36,366.94	29,144.31
	Sub-total - non-current liabilities	295,094.89	289,507.66
3.	**Current liabilities**		
	(a) Short-term borrowings	479,228.85	595,411.83
	(b) Trade payables	16,314.99	16,083.37
	(c) Other current liabilities	199,765.71	179,857.39
	(d) Short-term provisions	1,941.23	5,580.29
	Sub-total - current liabilities	697,250.78	796,932.88
	TOTAL - EQUITY AND LIABILITIES	1,203,520.78	1,290,881.95
B.	**ASSETS**		
1.	**Non-current assets**		
	(a) Fixed assets	22,299.41	21,339.02
	(b) Non-current investments	46,258.81	43,217.58
	(c) Deferred tax assets (net)	3,444.92	2,762.87
	(d) Long-term loans and advances	686,440.20	742,243.92
	(e) Other non-current assets	17,980.51	8,232.57
	Sub-total - non-current assets	776,423.85	817,795.96
2.	Current assets		
	(a) Current investments	4,614.28	2,597.22
	(b) Trade receivables	995.82	706.97
	(c) Cash and bank balances	26,970.89	36,045.96
	(d) Short-term loans and advances	386,352.48	425,623.51
	(e) Other current assets	8,163.46	8,112.33
	Sub-total - current assets	427,096.93	473,085.99
	TOTAL - ASSETS	1,203,520.78	1,290,881.95

MAGMA FINCORP LIMITED
MAGMA HOUSE
24, Park Street, Kolkata-16

MAGMA

MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2016

Notes :

1] The unaudited financial results have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its Meeting held on 03 November 2016.

2] The Statutory Auditors have carried out limited review of the standalone financial results as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have issued an unqualified opinion thereon.

3] During the quarter, the Nomination and Remuneration Committee of the Board of Directors has granted 1,25,000 options under Magma Employee Stock Option Plan 2007 (MESOP 2007) pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of the SEBI (Share Based Employee Benefits) Regulations, 2014, at an exercise price of ₹ 60/- per share to the eligible employees of the Company (each Option entitles the option holder to 1 equity share of ₹ 2/- each.).

4] During the quarter, the Company has alloted on preferential basis 90,000 equity shares of the face value of ₹ 2/- each under the Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of the SEBI (Share Based Employee Benefits) Regulations, 2014, to the eligible employees of the Company. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 23,69,33,672 equity shares of ₹ 2/- each aggregating to ₹ 4,738.67 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

5] The listed Non Convertible Debentures of the Company as on 30 September 2016 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.

6] As per paragraph 4 of Accounting Standard 17 (Segment Reporting) prescribed under Section 133 of the Companies Act, 2013, segment reporting needs to be presented only on the basis of consolidated financial results. In view of this, segment information has been presented in the consolidated financial results.

7] 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 : 03 November 2016

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

Chartered Accountants

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Review report

To the Board of Directors
Magma Fincorp Limited

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results ('the Statement') of Magma Fincorp Limited ('the Company') for the quarter and six months ended 30 September 2016 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 3 November 2016. Our responsibility is to issue a report on the Statement based on our review.

3. 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" issued by the Institute of Chartered Accountants of India. 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 the Company's 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.

4. Based on our review conducted as mentioned in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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

B S R & Co. LLP
KOLKATA
Chartered Accountants

Jayanta Mukhopadhyay
Partner
Membership No: 055757

Place: Mumbai
Date: 3 November 2016

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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Magma Fincorp Limited

Statutory Audit of the consolidated financial statements

For the year ended 31 March 2017

B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Magma Fincorp Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Magma Fincorp Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its jointly controlled entities, comprising the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). The respective Board of Directors of the companies included in the Group and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

Magma Fincorp Limited
Independent Auditors' Report (continued)

Auditors' Responsibility (continued)

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31 March 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of both the jointly controlled entities, whose financial statements reflect Company's share in the total assets of Rs. 45,535.07 lakhs as at 31 March 2017, total revenues of Rs. 385.85 lakhs and net cash inflows amounting to Rs. 217.65 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Magma Fincorp Limited
Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on consideration of the report of the other auditors on the separate financial statements of the jointly controlled entities, as noted in the Other Matters paragraph, we report, to the extent applicable, that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors ;

(c) the consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary companies and jointly controlled entities, none of the Directors of the Group companies and its jointly controlled entities are disqualified as on 31 March 2017 from being appointed as a Director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and its jointly controlled entities and the operating effectiveness of such controls, refer our separate Report in the "Annexure A"; and

Magma Fincorp Limited
Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on consideration of the report of the other auditors on the separate financial statements of the jointly controlled entities, as noted in the Other Matters paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities – Refer note 34(a) to the consolidated financial statements;

ii. The Group and its jointly controlled entities have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer note 42 to the consolidated financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, and its jointly controlled entities; and

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with books of account maintained by the Holding Company and its subsidiary companies, and its jointly controlled entities – Refer Note 39 to the consolidated financial statements.

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

Jayanta Mukhopadhyay
Partner
Membership Number: 055757

Place: Kolkata
Date: 11 May 2017

B S R & Co. LLP
Chartered Accountants

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Magma Fincorp Limited

Annexure A to the Independent Auditors' Report

The Annexure referred to in the Independent Auditor's Report to the members of Magma Fincorp Limited ("the Company") on the consolidated financial statements for the year ended 31 March 2017:

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017 we have audited the internal financial controls over financial reporting of Magma Fincorp Limited (herein referred to as "the Holding Company"), its subsidiaries and jointly controlled companies, as of date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries and jointly controlled companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company its subsidiaries and jointly controlled companies internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company its subsidiaries and jointly controlled companies' internal financial controls system over financial reporting.

Annexure A to the Independent Auditors' Report (continued)

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiaries and jointly controlled companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two jointly controlled companies, is based on the corresponding reports of the auditors of such companies.

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

Jayanta Mukhopadhyay
Partner
Membership Number: 055757

Place: Kolkata
Date: 11 May 2017

Consolidated Balance Sheet

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Note no.	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,739.19	6,036.77
Reserves and surplus	4	212,472.60	210,391.46
Fair value change account		1.58	1.78
		217,213.37	216,430.01
Minority Interest		**3,419.59**	4,191.63
Non-current liabilities			
Long-term borrowings	5	310,929.43	331,316.17
Long-term provisions	6	22,587.50	34,919.22
		333,516.93	366,235.39
Current liabilities			
Short-term borrowings	7	548,022.99	700,455.58
Trade payables	8		
- Due to micro and small enterprises		-	-
- Due to others		19,760.05	18,335.07
Other current liabilities	9	228,684.75	233,663.93
Short-term provisions	10	8,903.73	13,140.26
		805,371.52	965,594.84
Total		**1,359,521.41**	1,552,451.87
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	18,472.88	17,483.51
- Intangible assets	11	3,179.55	2,938.08
- Goodwill on consolidation		6,120.02	6,120.02
- Capital work-in-progress		753.48	1,304.30
		28,525.93	27,845.91
Non-current investments	12	47,292.90	32,415.17
Deferred tax assets (net)	13	1,974.34	3,880.15
Long-term loans and advances	14		
- Assets on finance		782,436.94	949,543.26
- Others		9,830.93	1,673.01
Other non-current assets	15	19,761.60	13,491.84
		889,822.64	1,028,849.34
Current assets			
Current investments	16	7,356.05	7,552.62
Trade receivables	17	674.93	705.33
Cash and bank balances	18	35,330.96	40,838.46
Short-term loans and advances	19		
- Assets on finance		407,616.80	455,861.90
- Others		6,359.44	6,331.87
Other current assets	20	12,360.59	12,312.35
		469,698.77	523,602.53
Total		**1,359,521.41**	1,552,451.87
Significant accounting policies	2		
Notes to the financial statements	3 - 43		

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

As per our report of even date attached.

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

Jayanta Mukhopadhyay
Partner
Membership No. 055757
Kolkata, 11 May 2017

S R & Co. LLP KOLKATA Accountants

For and on behalf of the Board of Directors

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Mumbai, 11 May 2017

(₹ in Lacs)

	Note no.	Year Ended 31 March 2017	Year ended 31 March 2016
REVENUE			
Revenue from operations	21	234,561.95	247,777.34
Operating result from general insurance business	22	(114.48)	(557.80)
Other income	23	5,497.69	3,413.54
Total revenue		**239,945.16**	250,633.08
EXPENSE			
Employee benefits expense	24	29,332.04	31,721.70
Finance costs	25	112,544.47	119,159.57
Depreciation and amortisation expense	11	4,850.13	3,948.43
Provisions and bad debts written-off	26	60,685.95	37,497.60
Other expenses	27	27,853.45	27,723.56
Total expense		**235,266.04**	220,050.86
Profit before tax		**4,679.12**	30,582.22
Tax expense:			
Current tax - current year		1,638.25	13,780.74
- earlier year		(138.46)	(22.46)
Share of current tax of joint venture		0.29	0.66
Net current tax		1,500.08	13,758.94
Deferred tax		1,905.81	(4,746.28)
Share of deferred tax of joint venture		-	221.69
Profit after tax		**1,273.23**	21,347.87
Minority Interest		(772.04)	210.16
Profit after tax and minority interest		**2,045.27**	21,137.71
Earnings per equity share	30		
(Nominal value of ₹ 2 each fully paid up):			
Basic (in ₹)		0.86	8.89
Diluted (in ₹)		0.86	8.86
Significant accounting policies	2		
Notes to the financial statements	3 - 43		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Jayanta Mukhopadhyay
Partner
Membership No. 055757
Kolkata, 11 May 2017

B S R & Co. LLP KOLKATA Chartered Accountants

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Mumbai, 11 May 2017

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.

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Magma Fincorp Limited ★ 24, Park Street ★ Kolkata 700 016

(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 principle 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.

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Magma Fincorp Limited ★ 24, Park Street ★ Kolkata 700 016

(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 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.

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(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.

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Magma Fincorp Limited * Kolkata 700 016 * 24, Park Street

(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.

B S R & Co. LLP Chartered Accountants KOLKATA

Magma Fincorp Limited 24, Park Street Kolkata 700 016

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.

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(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.

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 3		
SHARE CAPITAL		
Authorised		
265,000,000 (2016: 265,000,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
54,300,000 (2016: 54,300,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
40,000,000 (2016: 40,000,000) Preference shares of ₹ 10/- each	4,000.00	4,000.00
	63,600.00	63,600.00
Issued, subscribed and paid-up		
Equity share capital		
236,959,672 (2016: 236,828,672) Equity shares of ₹ 2/- each, fully paid up.	4,739.19	4,736.57
Preference share capital		
- (2016: 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
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.		
	4,739.19	6,036.77

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

	As at 31 March 2017		As at 31 March 2016	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Opening balance	236,828,672	4,736.57	190,425,875	3,808.52
Equity shares issued during the year vide preferential issue	-	-	46,296,297	925.92
Equity shares issued on exercise of ESOPs during the year	131,000	2.62	106,500	2.13
Closing balance	**236,959,672**	**4,739.19**	236,828,672	4,736.57
Preference shares				
Opening balance	6,500,999	1,300.20	49,156,555	13,255.96
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)
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 redeemed during the year	-	-	(3,600,000)	(3,600.00)
0.01% Non-redeemable non-cumulative non-participating compulsorily convertible preference shares - purchased by holding company	-	-	(35,555,556)	(3,555.56)
Closing balance	-	-	6,500,999	1,300.20

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.

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(₹ in 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.

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2017		As at 31 March 2016	
	%age	No. of shares	%age	No. of shares
Equity shares				
Zend Mauritius VC Investments Limited	14.47	34,276,629	14.47	34,276,629
Microfirm Capital Private Limited	14.36	34,015,928	14.36	34,015,928
Celica Developers Private Limited	12.42	29,434,455	12.43	29,434,455
India Value Fund V LLP	11.92	28,255,524	-	-
International Finance Corporation	9.71	23,000,000	9.71	23,000,000
Lavender Investments Limited	7.96	18,851,431	7.96	18,851,431
LeapFrog Financial Inclusion India Holdings Limited	7.82	18,518,519	7.82	18,518,519
Indium V (Mauritius) Holdings Limited	-	-	8.60	20,355,524
Preference shares (Cumulative non-convertible redeemable)				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	-	-	100.00	6,500,999

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 1,25,000 options (2016: Nil) under MESOP 2007 at an exercise price of ₹ 60/- per share to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

(in nos.)

	Year ended 31 March 2017	Year ended 31 March 2016
Outstanding options at the beginning of the year	287,500	636,500
Granted during the year	125,000	-
Exercised during the year	131,000	106,500
Lapsed during the year	67,500	242,500
Forfeited during the year	-	-
Outstanding options at the end of the year	214,000	287,500
Options vested and exercisable at the end of the year	59,000	130,000

(₹ in Lacs)

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 Nil options (2016: 250,000) under MRSOP 2014 at an exercise price of ₹ 2/- per share to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

(in nos.)

	Year ended 31 March 2016	Year ended 31 March 2015
Outstanding options at the beginning of the year	670,000	600,000
Granted during the year	-	250,000
Exercised during the year	-	-
Lapsed during the year	350,000	180,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**320,000**	670,000
Options vested and exercisable at the end of the year	-	-

The weighted average fair value of each option of Magma Fincorp Limited was ₹ 71.93 (2016: ₹ 69.20) using the Black-Scholes model with the following assumptions:

	Units	As at 31 March 2017	As at 31 March 2016
Grant date share price	₹	56.85 - 108.00	56.85 - 100.00
Exercise price	₹	2.00 - 60.00	2.00 - 60.00
Dividend yield	%	0.61 - 1.06	0.61 - 1.20
Expected life	years	4.42 - 4.80	4.16 - 4.80
Risk free interest rate	%	6.92 - 8.35	7.78 - 8.57
Volatility	%	42.00 - 58.13	41.83 - 58.13

Equity shares reserved for issue under options

	No. of options granted	Exercise price (₹)	As at 31 March 2017 No. of options	As at 31 March 2017 Amount	As at 31 March 2016 No. of options	As at 31 March 2016 Amount
Under MESOP 2007:						
Tranche II	250,000	60.00	40,000	0.80	127,500	2.55
Tranche III	50,000	60.00	-	-	15,000	0.30
Tranche V	150,000	60.00	14,000	0.28	20,000	0.40
Tranche VI	50,000	60.00	35,000	0.70	50,000	1.00
Tranche VIII	175,000	60.00	-	-	75,000	1.50
Tranche XI			125,000	2.50		
Under MRSOP 2014:						
Tranche I (A)	650,000	2.00	320,000	6.40	420,000	8.40
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 prescribed SEBI guidelines.

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

Particulars	Unit	Year ended 31 March 2017	Year ended 31 March 2016
Net profit for equity shareholders	₹ in Lacs	2,041.88	20,622.31
Stock-based employee compensation expense (intrinsic value method)	₹ in Lacs	(37.60)	230.82
Stock-based employee compensation expense (fair value method)	₹ in Lacs	16.75	(238.50)
Proforma net profit	₹ in Lacs	2,021.03	20,614.63
Basic earnings per share (Face value: ₹ 2/-) as reported	₹	0.86	8.89
Proforma basic earnings per share (Face value: ₹ 2/-)	₹	0.85	8.88
Diluted earnings per share (Face value: ₹ 2/-) as reported	₹	0.86	8.86
Proforma diluted earnings per share (Face value: ₹ 2/-)	₹	0.85	8.85

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 4		
RESERVES AND SURPLUS		
Capital reserve	**480.22**	480.22
Capital redemption reserve	**1,421.84**	1,421.84
Securities premium reserve		
Opening balance	115,755.70	80,025.11
Add: On equity shares issued during the year vide preferential issue	-	49,074.07
Add: On equity shares issued on exercise of ESOPs during the year	84.28	79.70
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
Less: Share issue expenses	-	728.74
	115,839.98	115,755.70
Employee share option outstanding		
Gross employee share compensation cost for options granted in earlier years	283.40	73.87
Less: Transferred to securities premium reserve on allotment of shares	8.31	21.29
Add: Deferred employee compensation cost	(37.60)	230.82
	237.49	283.40
Amalgamation reserve account	**106.48**	106.48
Statutory reserve		
(created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	24,210.00	20,290.00
Add: Transfer from surplus in the statement of profit and loss	130.00	3,920.00
	24,340.00	24,210.00
Statutory reserve		
(created pursuant to Section 29C of the National Housing Bank Act, 1987)		
Opening balance	1,583.07	683.07
Add: Transfer from surplus in the statement of profit and loss	670.05	900.00
	2,253.12	1,583.07
General reserve		
Opening balance	11,390.00	9,510.00
Add: Transfer from surplus in the statement of profit and loss	-	1,880.00
	11,390.00	11,390.00
Surplus (balance in the statement of profit and loss)		
Opening balance	55,160.75	42,725.31
Impact of pre-acquisition surplus on change of share holding in Magma HDI General Insurance Company Limited	-	1,239.67
Profit for the year	2,045.27	21,137.71
Amount available for appropriations	**57,206.02**	65,102.69
Appropriations		
Proposed dividend on preference shares*	2.08	428.23
Tax on proposed preference dividend as above*	0.42	87.17
Proposed dividend on equity shares*#	-	2,265.36
Tax on proposed equity dividend as above*	-	461.18
Transfer to statutory reserve (as per Reserve Bank of India Act, 1934)	130.00	3,920.00
Transfer to statutory reserve (as per National Housing Bank Act, 1987)	670.05	900.00
Transfer to general reserve	-	1,880.00
	56,403.47	55,160.75
	212,472.60	210,391.46

* 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 and preference shares in the financial year ended 31 March 2017.

\# Dividend for year ended 31 March 2016 includes dividend on equity shares allotted post 31 March 2016 and upto [illegible].

(₹ in Lacs)

	Security as per	As at 31 March 2017	As at 31 March 2016
Note: 5			
LONG-TERM BORROWINGS			
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	16,000.00	59,000.00
		16,000.00	59,000.00
Unsecured			
Subordinated non-convertible perpetual debentures		13,310.00	11,250.00
Subordinated redeemable non-convertible debentures		78,030.00	77,430.00
		91,340.00	88,680.00
Term loan			
Secured *			
from banks	(b) and (c)	192,740.23	169,205.55
from others (financial institutions)	(b) and (c)	836.89	13,726.31
		193,577.12	182,931.86
Unsecured			
from banks		10,000.00	-
from others		-	700.41
		10,000.00	700.41
Share of borrowings of joint venture		12.31	3.90
		310,929.43	331,316.17
* Aggregate of loans guaranteed by Director (including current maturities)		796.50	1,329.40

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.

(b) Term loans from Banks / Financial Institutions are secured by way of hypothecation of designated Assets on finance and future rentals receivable

(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

Maturity schedule	Interest rate range (p.a.)		As at 31 March 2017		As at 31 March 2016	
	31 March 2017	31 March 2016	Long-term	Current maturities	Long-term	Current maturities
> 5 Years	9.00% - 10.10%	10.00% - 10.10%	6,000.00	-	3,000.00	-
3 - 5 Years	9.55% - 10.00%	10.00%	6,000.00	-	3,500.00	-
1 - 3 Years	10.33%	9.63 % - 10.80%	4,000.00	-	52,500.00	-
0 - 1 Years	9.63 % - 10.80%	9.50 % - 11.50%	-	48,500.00	-	61,730.00
			16,000.00	**48,500.00**	59,000.00	61,730.00

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of maturity of unsecured subordinated non-convertible perpetual debentures

Maturity schedule	Interest rate range (p.a.)		As at 31 March 2017		As at 31 March 2016	
	31 March 2017	31 March 2016	Long-term	Current maturities	Long-term	Current maturities
> 5 Years	11.50% - 12.10%	12.00 % - 12.10%	7,810.00	-	5,750.00	-
3 - 5 Years	12.50%	12.50 % - 13.75%	2,500.00	-	5,500.00	-
1 - 3 Years	13.50% - 13.75%	-	3,000.00	-	-	-
			13,310.00	-	11,250.00	-

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]

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(₹ in Lacs)

Terms of maturity of unsecured subordinated redeemable non-convertible debentures

Maturity schedule	Interest rate range (p.a.)		As at 31 March 2017		As at 31 March 2016	
	31 March 2017	31 March 2016	Long-term	Current maturities	Long-term	Current maturities
> 5 Years	10.25% - 11.50%	10.70 % - 11.50%	21,000.00	-	32,700.00	-
3 - 5 Years	11.00% - 11.45%	11.00%	23,000.00	-	13,000.00	-
1 - 3 Years	11.00% - 11.75%	11.20% - 12.00%	34,030.00	-	31,730.00	-
0 - 1 Years	11.75% - 12.00%	11.50%	-	10,700.00	-	500.00
			78,030.00	**10,700.00**	77,430.00	500.00

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of repayment of term loans

Repayment schedule	Interest rate range (p.a.)		As at 31 March 2017		As at 31 March 2016	
	31 March 2017	31 March 2016	Long-term	Current maturities	Long-term	Current maturities
Secured						
> 5 Years	9.30% - 9.70%	-	3,762.31	-	-	-
3 - 5 Years	9.30% - 12.00%	9.85% - 12.25%	47,301.80	-	56,770.13	-
1 - 3 Years	9.30% - 12.25%	9.85% - 12.25%	142,525.32	-	126,161.73	-
0 - 1 Years	9.70% - 12.25%	9.85% - 12.25%	-	89,379.29	-	90,551.13
			193,589.43	**89,379.29**	182,931.86	90,551.13
Unsecured						
> 5 Years	11.00%	-	10,000.00	-	-	-
1 - 3 Years	-	12.00%	-	-	700.41	-
			10,000.00	-	700.41	-

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

	As at 31 March 2017	As at 31 March 2016
Note: 6		
LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	45.07	132.16
Provision for compensated absences	876.41	821.28
Other provisions		
Provision for non-performing assets	19,086.02	31,305.78
Contingent provision against standard assets	2,580.00	2,660.00
	22,587.50	34,919.22

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(₹ in Lacs)

	Security as per	As at 31 March 2017	As at 31 March 2016
Note: 7			
SHORT-TERM BORROWINGS			
Term loan			
Secured			
from banks	(a)	5,000.00	7,500.00
		5,000.00	7,500.00
Commercial papers			
Unsecured			
Face value		61,000.00	75,600.00
Less: Unmatured discounting charges		924.93	1,728.42
		60,075.07	73,871.58
Loans from banks			
Secured			
Cash credit facilities	(b)	125,447.93	256,084.00
Working capital demand loans	(b)	357,499.99	363,000.00
		482,947.92	619,084.00
		548,022.99	700,455.58

Terms of repayment of term loans

Repayment schedule	Interest rate range (p.a.) 31 March 2017	Interest rate range (p.a.) 31 March 2016	As at 31 March 2017	As at 31 March 2016
Secured				
0 - 1 Years	9.85%	10.85%	5,000.00	7,500.00
			5,000.00	7,500.00

Details of unsecured commercial papers

Number of units	Face value (₹ in Lacs)	Interest terms	As at 31 March 2017	As at 31 March 2016
12,200	5	Fixed	60,075.07	-
15,120	5	Fixed	-	73,871.58
			60,075.07	73,871.58

The above commercial papers carry interest rates ranging from 7.61 % p.a. to 8.95 % p.a. with maturity ranging from 1 months to 3 months (2016: from 8.95 % p.a. to 11.00 % p.a. with maturity ranging from 1 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 from 9.00 % p.a. to 12.00 % p.a. (2016: from 9.25 % p.a. to 12.25% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 8.15% p.a. to 10.30% p.a. (2016: from 9.55% p.a. to 10.45% p.a.). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

Nature of security

(a) Term loans from banks are secured by way of first charge ranking pari-passu over entire housing and property loans, both present & future.

(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.

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 8		
TRADE PAYABLES		
Due to micro and small enterprises*	-	-
Due to others	19,758.14	18,320.97
	19,758.14	18,320.97
Share of joint venture	1.91	14.10
	19,760.05	18,335.07

* 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 2017 and 31 March 2016. 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.

	As at 31 March 2017	As at 31 March 2016
Note: 9		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings [Note 5]	148,579.29	152,781.13
Interest accrued but not due on borrowings	9,665.87	11,945.36
Unpaid dividend #	32.28	28.54
Unclaimed matured deposits and interest accrued thereon *	-	0.13
Other liabilities		
Temporary book overdraft	2,090.45	4,362.75
Advances and deposits from customers	7,630.82	8,369.22
Statutory liabilities	714.36	851.75
Director's commission payable	-	160.00
Pending remittance on assignment	25,566.04	25,698.45
Other payables	8,126.70	6,680.60
	202,405.81	210,877.93
Share of joint venture	26,278.94	22,786.00
	228,684.75	233,663.93

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

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile 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.

	As at 31 March 2017	As at 31 March 2016
Note: 10		
SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	0.28	0.89
Provision for compensated absences	90.59	83.89
Other provisions		
Contingent provision against standard assets	1,460.00	1,440.00
Proposed dividend (including tax thereon)	-	2,788.58
Provision for taxation	84.13	1,572.36
	1,635.00	5,885.72
Share of joint venture	7,268.73	7,254.54
	8,903.73	13,140.26

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Notes to the consolidated financial statements (continued)

Note: 11

FIXED ASSETS

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.

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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	3,765.96	411.60	-	4,178.56	5,522.73
Furniture and fixtures	2,616.14	70.92	45.12	2,641.94	1,325.06	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	4,185.99	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	12,273.82	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	525.05	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.

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 12		
NON-CURRENT INVESTMENTS		
Other investment (at cost)		
Investment in equity shares		
Quoted (Fully paid-up of ₹ 10/- each)	1.12	1.12
Unquoted (Fully paid-up of ₹ 10/- each)		
In others	422.04	422.04
Investment in Government securities		
Unquoted (₹ 0.16 lac pledged with sales tax authorities)	0.16	0.16
Others		
In pass through certificates *	5,241.20	2,881.78
In security receipts (of ₹ 1,000/- each)	8,641.93	-
	14,306.45	3,305.10
Aggregate provision for diminution in value of investments	(1.05)	(1.05)
	14,305.40	3,304.05
Share of joint venture	32,987.50	29,111.12
	47,292.90	32,415.17
Aggregate book value of quoted investments	1.12	1.12
Aggregate market value of quoted investments	0.28	0.33
Aggregate book value of unquoted investments	14,305.33	3,303.98

* 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 ₹ 5,148.61 lacs (2016: ₹ 3,266.60 lacs).

	As at 31 March 2017	As at 31 March 2016
Note: 13		
DEFERRED TAX ASSETS / LIABILITIES (net)		
Deferred tax assets		
Contingent provision against standard assets	1,342.79	1,418.92
Provision for non-performing assets	6,055.68	10,949.21
Unabsorbed depreciation and amortisation	3,585.25	-
Others	379.78	424.33
	11,363.50	12,792.46
Deferred tax liabilities		
Fixed assets	3,172.35	2,677.91
Unamortised expenses (net)	5,822.69	5,746.15
Others	803.10	897.23
	9,798.14	9,321.29
Share of deferred tax assets of joint venture	408.98	408.98
Deferred tax assets (net)	**1,974.34**	3,880.15

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 14		
LONG-TERM LOANS AND ADVANCES		
Assets on finance#		
Secured, considered good*	678,671.93	812,038.99
Secured, considered doubtful*	22,931.81	55,627.39
Unsecured, considered good	80,833.20	81,876.88
	782,436.94	949,543.26
Others		
Unsecured, considered good		
Capital advances	118.78	12.36
Loans to staff	103.54	126.98
Loans and advances to related parties	163.05	169.34
Tax advances and deduction at source	8,322.35	408.48
Security deposits	1,026.45	853.27
	9,734.17	1,570.43
Unsecured, considered doubtful		
Other loans and advances		
Advances recoverable in cash or kind or for value to be received	500.00	332.00
Less: Provision against loans and advances	500.00	332.00
	-	-
Share of joint venture	96.76	102.58
	792,267.87	951,216.27

Assets on finance is net of amounts securitised/assigned aggregating to ₹ 4,13,253.04 lacs (2016: ₹ 4,08,431.81 lacs).

* Secured by underlying assets financed

	As at 31 March 2017	As at 31 March 2016
Note: 15		
OTHER NON-CURRENT ASSETS		
Others		
Non-current bank balances *	9,518.09	2,023.21
Unamortised borrowings costs	1,843.32	1,247.03
Unamortised loan origination costs (net)	7,399.87	6,958.54
Gratuity (excess of plan assets over obligation)	178.09	303.05
	18,939.37	10,531.83
Share of joint venture	822.23	2,960.01
	19,761.60	13,491.84

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 475.17 lacs (2016: ₹ 312.28 lacs) and as cash collateral for securitisation / direct assignments of receivables amounts to ₹ 9,042.92 lacs (2016: ₹ 1,633.26 lacs).

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 16		
CURRENT INVESTMENTS		
Other investment		
Investment in mutual funds (valued at lower of cost and fair value)		
Quoted	10.79	2.09
Others (at cost)		
In Pass through certificates * [Note 12]	5,148.61	3,266.60
	5,159.40	3,268.69
Share of joint venture	2,196.65	4,283.93
	7,356.05	7,552.62
Aggregate book value of quoted investments	10.79	2.09
Aggregate market value of quoted investments	2.72	2.72
Aggregate book value of unquoted investments	5,148.61	3,266.60

	As at 31 March 2017	As at 31 March 2016
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	674.93	483.66
	674.93	705.33

	As at 31 March 2017	As at 31 March 2016
Note: 18		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	5,433.66	6,420.91
Balances with banks		
In current and cash credit accounts	6,411.06	13,867.81
In deposits with original maturity of three months or less	1,624.27	1,530.36
Share of joint venture of cash and cash equivalents	700.64	482.99
	14,169.63	22,302.07
Other bank balances *		
In unpaid dividend account	32.28	28.54
In deposits with original maturity of three months or less	522.00	-
In deposits with original maturity of more than three months to twelve months	11,116.63	13,781.86
Current maturities of deposits with original maturity of more than twelve months	7,208.74	4,192.00
Share of joint venture of other bank balances	2,281.68	533.99
	21,161.33	18,536.39
	35,330.96	40,838.46

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 2,058.83 lacs (2016: ₹ 1,842.73 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 16,347.65 lacs (2016: ₹ 14,439.46 lacs). Fixed deposits accounts with more than twelve months maturity amounting to ₹ 9518.09 lacs (2016: ₹ 2,023.21 lacs) included under 'Other non-current assets' [Note 15].

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 19		
SHORT-TERM LOANS AND ADVANCES		
Asset on finance		
Secured, considered good*	297,690.68	363,780.66
Unsecured, considered good	109,926.12	92,081.24
	407,616.80	455,861.90
Others		
Unsecured, considered good		
Loan and advances to related parties	391.69	743.85
Other loans and advances		
Loans to staff	452.03	282.69
Advances recoverable in cash or kind or for value to be received	1,604.80	2,682.77
Prepaid expenses	717.91	770.59
Balances with statutory / government authorities	1,226.31	1,284.14
	4,392.74	5,764.04
	412,009.54	461,625.94
Share of joint venture	1,966.70	567.83
	413,976.24	462,193.77

* Secured by underlying assets financed

	As at 31 March 2017	As at 31 March 2016
Note: 20		
OTHER CURRENT ASSETS		
Others		
Accrued interest / financial charges	1,806.63	1,844.37
Unamortised borrowings costs	1,286.97	1,244.89
Unamortised loan origination costs (net)	6,842.40	7,079.59
Others	66.14	190.43
	10,002.14	10,359.28
Share of joint venture	2,358.45	1,953.07
	12,360.59	12,312.35

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(₹ in Lacs)

	Year Ended 31 March 2017	Year Ended 31 March 2016
Note: 21		
REVENUE FROM OPERATIONS		
Interest / finance income		
On assets on finance	210,963.21	227,445.74
On securitisation and assignment of loans	8,598.36	1,988.47
On pass through certificates	679.68	408.76
On fixed deposits	1,887.98	2,469.56
On loans and margins	874.23	926.37
	223,003.46	233,238.90
Other financial income		
Lease rentals	2,438.63	1,325.84
Collection and support services	2,106.55	3,786.84
Foreclosure charges	3,810.09	3,935.80
Income on non-convertible debenture	-	2,199.99
Others	2,454.90	2,570.44
	10,810.17	13,818.91
Share of joint venture	748.32	719.53
	234,561.95	247,777.34

	Year Ended 31 March 2017	Year Ended 31 March 2016
Note: 22		
OPERATING RESULT FROM GENERAL INSURANCE BUSINESS		
Premium income		
Premiums earned (net)	13,442.58	14,799.67
Interest, dividend and rent (gross)	2,368.85	2,174.21
Profit / (loss) on sale / redemption of investments (net)	272.45	197.49
Others	33.22	16.64
	16,117.10	17,188.01
Operating expense		
Claims incurred (net)	10,636.96	12,632.01
Commission (net)	(178.07)	44.48
Contribution to solatium fund	7.84	6.32
Operating expenses related to insurance business	5,820.13	4,999.60
Premium deficiency	(55.28)	63.40
	16,231.58	17,745.81
	(114.48)	(557.80)

	Year Ended 31 March 2017	Year Ended 31 March 2016
Note: 23		
OTHER INCOME		
Sale of power	1,108.90	1,034.07
Insurance commission	480.87	626.76
Commission income	673.49	-
Gain on sale of fixed assets (net)	9.70	-
Gain on sale of investments (net)	-	5.27
Rental income	2.61	2.63
Excess provision on investment written back	-	34.53
Bad debt recoveries	2,593.89	1,530.72
Miscellaneous income	545.01	118.62
	5,414.47	3,352.60
Share of joint venture	83.22	60.94
	5,497.69	3,413.54

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(₹ in Lacs)

	Year Ended 31 March 2017	Year Ended 31 March 2016
Note: 24		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	26,757.98	29,048.19
Contribution to provident and other funds	1,574.08	1,318.32
Employee share based compensation expense	(37.91)	230.82
Staff welfare expenses	977.21	1,124.37
	29,271.36	31,721.70
Share of joint venture	60.68	-
	29,332.04	31,721.70

	Year Ended 31 March 2017	Year Ended 31 March 2016
Note: 25		
FINANCE COSTS		
Interest expense		
On debentures	19,948.81	26,492.82
On term loans	30,902.80	26,432.79
On cash credit and working capital facilities	45,059.47	43,902.55
On others	109.08	352.91
Discount on commercial papers	12,387.35	17,452.70
Other borrowing costs	4,160.06	4,502.70
Mark-to-market (profit) / loss on derivative contracts	(23.10)	23.10
	112,544.47	119,159.57

	Year Ended 31 March 2017	Year Ended 31 March 2016
Note: 26		
PROVISIONS AND BAD DEBTS WRITTEN-OFF		
Bad debts written-off	21,130.03	25,752.03
Net loss / (gain) on sale of non-performing assets *	21,146.71	-
Provision for non-performing assets	18,469.21	11,635.57
Contingent provision against standard assets	(60.00)	110.00
	60,685.95	37,497.60

* Net of reversals of provision on sale of non-performing assets ₹ 30,688.97 lacs.

	Year Ended 31 March 2017	Year Ended 31 March 2016
Note: 27		
OTHER EXPENSES		
Rent	1,688.86	1,802.94
Brokerage and commission	11,178.34	12,255.73
Rates and taxes	73.76	79.94
Insurance	113.06	102.98
Advertisement and publicity	303.70	389.30
Travelling and conveyance	2,216.66	2,588.21
Repairs and maintenance		
- machinery	371.92	241.98
- others	1,259.45	1,187.20
Payment to Directors		
- fees	20.01	15.43
- commission	12.40	170.50
Professional fees	1,972.67	1,948.51
Legal charges	2,097.11	1,855.52
Printing and stationery	534.91	584.89
Communication	1,434.95	1,398.47
Electricity charges	696.42	656.33
Corporate social responsibility expenditure [Note 40]	384.64	355.71
Loss on sale of fixed assets (net)	-	2.30
Capital work in progress written-off	690.13	-
Miscellaneous expenses	2,774.99	2,034.82
	27,823.98	27,670.76
Share of joint venture	29.47	52.80
	27,853.45	27,723.56

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

	Finance and mortgages	General insurance	Others	Total
Revenue				
(i) External and other income	**238,023.17**	**692.27**	**1,229.72**	**239,945.16**
	(249,118.20)	(173.90)	(1,340.98)	(250,633.08)
(ii) Inter-segment	**331.21**	**(331.21)**	**-**	**-**
	(406.14)	(406.14)	(-)	(-)
Total revenue	**238,354.38**	**361.06**	**1,229.72**	**239,945.16**
	(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	**1,309,673.86**	**43,154.01**	**6,693.54**	**1,359,521.41**
	(1,505,583.66)	(39,379.41)	(7,352.01)	(1,552,315.08)
Segment liabilities	**1,104,197.80**	**33,879.61**	**811.04**	**1,138,888.45**
	(1,299,975.96)	(30,363.93)	(1,353.55)	(1,331,693.44)
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)

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 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 ₹ 65.19 lacs (2016: ₹ 29.17 lacs) [share of joint venture ₹ 21.85 lacs (2016: ₹ Nil)]. Future minimum lease payments under non-cancellable operating lease is as below:

Particulars	As at **31 March 2017**	As at 31 March 2016
Not later than one year	84.18	43.26
Later than one year but not later than five years	87.16	123.01
Later than five years	-	42.15

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year amounts to ₹ 2,095.33 lacs (2016: ₹ 1,956.45 lacs) [share of joint venture ₹ 101.67 lacs (2016: ₹ 41.69 lacs)].

30 Earnings per share (EPS)

The computation of EPS is set out below:

Particulars			**Units**	**Year ended 31 March 2017**	Year ended 31 March 2016
		Basic & Diluted			
a)	(i)	Weighted average number of equity shares (Face value of ₹ 2/- per share) for basic EPS	Nos.	236,903,308	232,096,351
	(ii)	Weighted average number of equity shares for diluted EPS [after considering 4.03 lacs shares (2016: 7.43 lacs) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	237,306,305	232,839,048
b)		Net profit after tax	₹ in Lacs	2,045.27	21,137.71
c)		Less : Preference dividend including tax thereon	₹ in Lacs	3.39	515.40
d)	(i)	Net profit for equity shareholders for basic EPS	₹ in Lacs	2,041.88	20,622.31
	(ii)	Net profit for equity shareholders for diluted EPS	₹ in Lacs	2,041.88	20,622.31
e)	(i)	Earnings per share (Face value of ₹ 2/- per share) – basic	₹	0.86	8.89
	(ii)	Earnings per share (Face value of ₹ 2/- per share) – diluted	₹	0.86	8.86

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Note: (₹ in Lacs)

31 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. 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

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	-
				-	-

Note: 31

(₹ 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
4. Microfinn 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. Mayank Poddar	Rent expense	2.03	-	1.88	-
	Directors' remuneration	150.00	-	150.00	-
	Premium for policies underwritten	0.06	-	-	-
2. 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	-

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.

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Note: (₹ in Lacs)

32 Employee benefits

Gratuity benefit plan

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

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Opening defined benefit obligation	1,497.07	1,405.47
Obligation received from previous employer	-	-
Current service cost	272.54	234.83
Interest cost	108.27	100.96
Actuarial losses /(gains)	203.41	8.34
Benefits paid	(243.08)	(252.53)
Closing defined benefit obligation	**1,838.21**	1,497.07
Share of joint venture	**61.87**	45.84

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Opening fair value of the plan assets	1,667.07	1,590.33
Expected return on plan assets	137.74	123.64
Contributions by employer	382.42	189.84
Actuarial (losses) / gains	-	-
Benefits paid	(216.28)	(236.74)
Closing fair value of the plan assets	**1,970.95**	1,667.07
Share of joint venture	**56.95**	58.80

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

Particulars	As at 31 March 2017	As at 31 March 2016
Defined benefit obligation	(1,838.21)	(1,497.07)
Fair value of plan assets	1,970.95	1,667.07
Net asset	**132.74**	170.00
Share of joint venture	**(4.92)**	12.96

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current service cost	272.54	234.83
Interest on defined benefit obligation	108.27	100.96
Net actuarial losses / (gains) recognised	203.41	8.34
Expected return on plan assets	(137.74)	(123.64)
Net expense included in "Employee benefits expenses"	**446.48**	220.49
Share of joint venture	**35.40**	9.20

(e) Summary of actuarial assumptions*

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Discount rate	7.28%	7.87%
Salary increase	5.00%	5.00%
Withdrawal Rate	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.

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Note: (₹ in Lacs)

32 (i) **Experience adjustments***

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**

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)	-

33 **Cash flow statement**

Due to the different methods of computing cash flows adopted by one of the joint venture carrying on the business of insurance, which is mandated by the Insurance Regulatory and Development Authority, consolidated cash flows for the year could be better viewed when summarised as follows:

	Year Ended 31 March 2017	Year Ended 31 March 2016
From operating activities	294,864.53	73,281.47
From investing activities	(18,565.15)	(25,412.58)
From financing activities	(284,431.82)	(49,826.59)
Net increase / (decrease) in cash and cash equivalents	(8,132.44)	(1,957.70)
Cash and cash equivalents as at the beginning of the year	22,302.07	24,259.77
Cash and cash equivalents as at the end of the year	14,169.63	22,302.07

34 **Contingent liabilities and commitments (to the extent not provided for)**

(a) **Contingent liabilities**

	As at 31 March 2017	As at 31 March 2016
1 **Claims against the Company not acknowledged as debt**		
(i) Income tax matters under dispute	295.12	319.86
(ii) VAT matters under dispute	240.49	242.33
(iii) Service tax matters under dispute	452.50	115.00
(iv) Legal cases against the company *	116.32	329.43
2 **Guarantees**		
(i) Unexpired bank guarantee	30,524.06	24,549.84

* 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**

	As at 31 March 2017	As at 31 March 2016
1 Estimated amount of contracts remaining to be executed on capital account and not provided for [share of joint venture ₹ 202.10 lacs (2016: ₹ Nil)]	1,074.81	582.89
2 Redemption of preference shares (including premium)	-	1,300.20
3 Undisbursed housing / other loans	3,747.15	10,309.83

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

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Note:

(₹ in Lacs)

35 **Movement of provision for non-performing assets**

	As at 31 March 2017	As at 31 March 2016
Provision for non-performing assets		
Balance as per last financial statements	31,305.78	19,670.21
Add: Provision made during the year (net)	18,469.21	11,635.57
Less: Reversals of provision on sale of non-performing assets	30,688.97	-
	19,086.02	31,305.78

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.

36 Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is given below:

(a) **Financial information of subsidiaries (including step-down subsidiary) for the year ended 31 March 2017:**

	Magma Advisory Services Limited	Magma Housing Finance	Magma ITL Finance Limited
Share capital	5,666.67	14,810.25	4,500.00
Reserves and surplus	16,342.17	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%

(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		**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.

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Note: (₹ in Lacs)

37 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:

	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	4,626.12	4,626.12
Reserves and surplus	7,025.68	6,765.91
Fair value change account	1.58	1.78
Non-current liabilities		
Long-term borrowings	12.31	3.90
Current liabilities		
Trade payables	1.91	14.10
Other current liabilities	26,598.74	23,093.27
Short-term provisions	7,268.73	7,254.54
ASSETS		
Non-current assets		
Fixed assets	615.45	255.09
Non-current investment	34,087.53	30,211.15
Deferred tax assets (net)	408.98	408.98
Long-term loans and advances	96.76	102.58
Other non-current assets	822.23	2,960.01
Current assets		
Current investment	2,196.65	4,283.93
Cash and bank balances	2,982.32	1,016.98
Short-term loans and advances	1,966.70	567.83
Other current assets	2,358.45	1,953.07

	Year Ended 31 March 2017	Year Ended 31 March 2016
REVENUE		
Revenue from operations	748.32	719.53
Operating result from general insurance business	(445.69)	(963.94)
Other income	83.22	60.94
EXPENSE		
Employee benefits expense	60.68	-
Other expenses	29.47	52.80

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Note: (₹ in Lacs)

38 **Disclosure required under Schedule III of Companies Act, 2013**

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
A) Parent				
1 Magma Fincorp Limited	92.37 %	203,789.38	47.88 %	609.68
B) Subsidiaries				
Indian				
1 Magma Advisory Services Limited (MASL)	1.256 %	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	20.351 %	259.12
Foreign		Not Applicable		Not Applicable
Total	**100.00 %**	**220,632.96**	**100.00 %**	**1,273.23**

39 **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

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 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.

40 **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.

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

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.

41 **Additional disclosure on step down subsidiary**

The step-down 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 step-down subsidiary has been changed to Magma Housing Finance Limited vide Certificate of Incorporation dated 07 April 2017 issued by Registrar of Companies, Delhi (RoC).

B S R & Co LLP Chartered Accountants KOLKATA

Magma Fincorp Ltd 24, Park Street Kolkata 700 016

Note: (₹ in Lacs)

42 Derivative transaction

The Company has recognised gain of ₹ 23.10 lacs (2016: ₹ loss 23.10 lacs) relating to derivative financial instrument. The Company does not have any unhedged foreign currency exposure.

43 Previous year's figure

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Jayanta Mukhopadhyay
Partner
Membership No. 055757

B S R & Co. LLP KOLKATA Chartered Accountants

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 11 May 2017

Mumbai, 11 May 2017

B S R & Co. LLP
Chartered Accountants

Godrej Waterside, Unit No. 603
6th Floor, Tower 1, Plot No. 5, Block DP
Sector V, Salt Lake, Kolkata - 700091

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Independent Auditors' Report

To the Members of Magma Fincorp Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Magma Fincorp Limited ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

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

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

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

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, Mahalakshmi
Mumbai - 400 011

Magma Fincorp Limited
Independent Auditors' Report (continued)

Auditors' Responsibility (continued)

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

Magma Fincorp Limited
Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate Report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 30(a) to the standalone financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contract – Refer Note 30(c) to the standalone financial statements;

iii. there has been no delay in transferring amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with books of account maintained by the Company – Refer Note 41 to the financial statements.

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

B S R & Co. LLP KOLKATA Chartered Accountants

Jayanta Mukhopadhyay
Partner
Membership Number: 055757

Place: Kolkata
Date: 11 May 2017

B S R & Co. LLP
Chartered Accountants

Godrej Waterside, Unit No. 603
6th Floor, Tower 1, Plot No. 5, Block - DP
Sector V, Salt Lake, Kolkata - 700091

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Magma Fincorp Limited

Annexure A to the Independent Auditors' Report

The Annexure referred to in the Independent Auditor's Report to the members of Magma Fincorp Limited ("the Company") on the standalone financial statements for the year ended 31 March 2017, we report that:

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets during the year.

b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of the physical verification is reasonable having regards to the size of the Company and the nature of its assets.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except for three cases. The gross block and the net block as at 31 March 2017 of those immovable properties whose title deeds are not in the name of the Company are Rs. 1,818.00 lacs and Rs. 1,258.96 lacs respectively.

(ii) The Company is a Non-Banking Finance Company ("NBFC"), primarily engaged in the business of asset financing. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) The Company has granted loans to one company covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").

a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the company listed in the register maintained under Section 189 of the Act, was not, prima facie, prejudicial to the interest of the Company.

b) In the case of the loans granted to the company listed in the register maintained under Section 189 of the Act, the borrower has been regular in the payment of the principal and interest as stipulated.

c) There is no overdue amount of the loan granted to the company listed in the register maintained under section 189 of the Act.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loans, guarantees and securities covered under Section 185 of the Act. The Company has complied with Section 186(1) of the Act in relation to investments made by the Company. The remaining provisions related to Section 186 of the Act do not apply to the Company as it is an NBFC.

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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Magma Fincorp Limited

Annexure A to the Independent Auditors' Report (continued)

(v) The Company has not accepted any deposits from the public, except for deposits taken over by way of merger in the year ended 31 March 2007. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 73 to Section 76 or other relevant provisions of the Companies Act 2013, the rules framed there under and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public. Accordingly, there has been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of sale of power generated from windmills and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records. The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Companies Act, 2013, for any of the other services rendered by the Company.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, value added tax, employees' state insurance, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for delays ranging from 3 days to 32 days with respect to deposit of professional tax with appropriate authorities. Further, in two branches, deposit was not made due to pending registrations. As explained to us, the Company did not have any dues on account sales tax, customs duty, excise duty.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax, employees' state insurance, cess and other material statutory dues were in arrears, as at 31 March 2017, for a period of more than six months from the date they became payable, except for delay in deposit of professional tax incase of two branches from the date they became payable due to pending registration. As explained to us, the Company did not have any dues on account of sales tax, customs duty, excise duty.

b) According to the information and explanations given to us there are no material dues of cess and other material statutory dues which have not been deposited by the Company with the appropriate authorities on account of any disputes. However, according to the information and explanations given to us, the following dues of income tax, service tax and value added tax, have not been deposited by the Company on account of disputes:

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report (continued)

Name of the Statute	Nature of Dues	Amount (Rs. Lacs)	Paid under Protest Amount (Rs. Lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3,176.25	500.00	2012-13	ITAT, Kolkata
Income Tax Act, 1961	Income Tax	723.56	108.54	2013-14	CIT(A), Kolkata
Finance Act , 1994	Service Tax	208.00	93.00	2002-2003 to 2006-2007	CESTAT, EZB, Kolkata
West Bengal Value Added Tax Act, 2003	VAT	13.72	6.86	2008-2009	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT	14.53	7.21	2009-2010	West Bengal Commercial Taxes Appellate and Revisional Board
Rajasthan Value Added Tax Act, 2003	VAT	2.10	1.10	2012-13 to 2013-14	Appellate Authority, Rajasthan
Jharkhand Value Added Tax Act, 2005	VAT	21.57	2.15	2006-2007 to 2009-2010	Sales Tax Tribunal, Jharkhand, Ranchi
Madhya Pradesh Value Added Tax Act, 2002	VAT	133.75	-	2008-2009 to 2009-2010	Madhya Pradesh High Court, Jabalpur
Orissa Value Added Tax, 2004	VAT	68.89	11.48	2006- 2007 to 30 September 2012	Sales Tax Tribunal, Orissa
Delhi Value Added Tax	VAT	16.26	-	2012-13	Delhi Commissioner of Tax
Delhi Value Added Tax	VAT	33.11	2.59	2013-14	Sales Tax Tribunal, Delhi
West Bengal Value Added Tax	VAT	29.29	12.93	2013-14	Joint Commissioner, Kolkata

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report (continued)

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or to debenture holders during the year. The Company did not have any borrowings from the government during the year.

(ix) In our opinion and according to the information and explanations given to us, the term loans and debentures were applied for the purpose for which the same were obtained. The Company has not raised any money by way of initial public offer during the year.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosure specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment of shares or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the director or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order, 2016 is not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company on 23 September 2008.

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

KOLKATA

Jayanta Mukhopadhyay
Partner
Membership Number: 055757

Place: Kolkata
Date: 11 May 2017

B S R & Co. LLP

Chartered Accountants

Godrej Waterside, Unit No. 603
6th Floor, Tower 1, Plot No. 5, Block - DP
Sector V, Salt Lake, Kolkata - 700091

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Magma Fincorp Limited

Annexure B to the Independent Auditors' Report

The Annexure referred to in the Independent Auditor's Report to the members of Magma Fincorp Limited ("the Company") on the standalone financial statements for the year ended 31 March 2017:

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

We have audited the internal financial controls over financial reporting of Magma Fincorp Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Magma Fincorp Limited

Annexure B to the Independent Auditors' Report (continued)

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

B S R & Co. LLP * Chartered Accountants * KOLKATA

Jayanta Mukhopadhyay
Partner
Membership Number: 055757

Place: Kolkata
Date: 11 May 2017

Balance Sheet

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Note No.	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,739.19	6,036.77
Reserves and surplus	4	199,050.19	198,404.64
		203,789.38	204,441.41
Non-current liabilities			
Long-term borrowings	5	238,677.37	260,363.35
Long-term provisions	6	18,534.81	29,144.31
		257,212.18	289,507.66
Current liabilities			
Short-term borrowings	7	487,335.75	595,411.83
Trade payables	8		
- Due to micro and small enterprises		-	-
- Due to others		18,307.40	16,083.37
Other current liabilities	9	171,123.45	179,857.39
Short-term provisions	10	1,426.58	5,580.29
		678,193.18	796,932.88
Total		**1,139,194.74**	1,290,881.95
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	18,315.31	17,365.65
- Intangible assets	11	2,779.78	2,786.92
- Capital work-in-progress		548.90	1,186.45
		21,643.99	21,339.02
Non-current investments	12	53,284.47	43,217.58
Deferred tax assets (net)	13	1,971.67	2,762.87
Long-term loans and advances	14		
- Assets on finance		605,715.07	739,607.90
- Others		18,768.54	2,636.02
Other non-current assets	15	16,913.69	8,232.57
		718,297.43	817,795.96
Current assets			
Current investments	16	4,737.23	2,597.22
Trade receivables	17	643.21	706.97
Cash and bank balances	18	27,249.11	36,045.96
Short-term loans and advances	19		
- Assets on finance		376,890.14	420,893.76
- Others		3,412.68	4,729.75
Other current assets	20	7,964.94	8,112.33
		420,897.31	473,085.99
Total		**1,139,194.74**	1,290,881.95
Significant accounting policies	2		
Notes to the financial statements	3 - 45		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Jayanta Mukhopadhyay
Partner
Membership No. 055757
Kolkata, 11 May 2017

B S R & Co. LLP KOLKATA Chartered Accountants

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Mumbai, 11 May 2017

Statement of Profit and Loss

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Note no.	Year ended 31 March 2017	Year ended 31 March 2016
REVENUE			
Revenue from operations	21	197,297.85	210,964.03
Other income	22	4,906.65	2,951.52
Total revenue		**202,204.50**	213,915.55
EXPENSE			
Employee benefits expense	23	23,020.76	24,658.18
Finance costs	24	93,788.05	99,808.90
Depreciation and amortisation expense	11	4,828.66	3,934.44
Provisions and bad debts written-off	25	54,232.49	33,736.41
Other expenses	26	25,263.73	25,180.53
Total expense		**201,133.69**	187,318.46
Profit before tax		**1,070.81**	26,597.09
Tax expense:			
Current tax - current year		-	12,140.00
- earlier year		(330.07)	(29.60)
Deferred tax		791.20	(4,228.28)
Profit after tax		**609.68**	18,714.97
Earnings per equity share	29		
(Nominal value of ₹ 2/- each fully paid up):			
Basic (in ₹)		0.26	7.84
Diluted (in ₹)		0.26	7.82
Significant accounting policies	2		
Notes to the financial statements	3 - 45		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Jayanta Mukhopadhyay
Partner
Membership No. 055757

B S R & Co. LLP
KOLKATA
Chartered Accountants

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 11 May 2017

Mumbai, 11 May 2017

(₹ in Lacs)

	Year ended 31 March 2017		Year ended 31 March 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		1,070.81		26,597.09
Adjustments for :				
Depreciation and amortisation expense	4,828.66		3,934.44	
Interest expense	79,087.52		81,789.31	
Provision for non-performing assets	16,514.04		9,444.93	
Utilisation of provision on sale of non-performing assets	(27,240.62)		-	
Contingent provision against standard assets	70.00		50.00	
Income on non convertible debenture	-		(2,199.99)	
Gain on sale of investments (net)	-		(5.08)	
Excess provision on investment written back	-		(34.53)	
(Profit) / Loss on sale of fixed assets (net)	(16.00)		2.30	
Capital work in progress written-off	690.13		-	
Employee share based compensation expense	(37.60)		230.82	
Discount on commercial papers	11,098.65		14,007.05	
Dividend income	(0.36)		(0.05)	
Mark-to-market (profit)/loss on derivative contracts	(23.10)	84,971.32	23.10	107,242.30
Operating cash flow before working capital changes		**86,042.13**		133,839.39
Adjustments for :				
Trade and other receivables	(7,882.93)		3,520.86	
Assets on finance	176,364.77		(65,603.56)	
Other bank balances	(6,651.83)		17,380.53	
Trade payables and other liabilities	1,345.47	163,175.48	(7,887.90)	(52,590.07)
Cash from operations		**249,217.61**		81,249.32
Taxes paid (net)		(8,584.48)		(9,855.90)
Net cash from operating activities (A)		**240,633.13**		71,393.42
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital work-in-progress)	(6,271.41)		(6,068.05)	
Proceeds from sale of fixed assets	463.64		1,133.22	
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	
Dividend income	0.36		0.05	
Subscription to investments	(17,396.00)		(2,098.92)	
Proceeds from maturity of investments	5,189.10		9,055.35	
Net cash used in investing activities (B)		**(18,014.31)**		(24,367.25)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Payments for redemption of non-convertible preference shares	(1,300.20)		(8,650.20)	
Decrease in borrowings (net)*	(144,506.98)		(3,907.16)	
Proceeds from issue of equity shares including securities premium (net)	78.59		49,331.79	
Interest paid	(81,628.49)		(83,139.28)	
Dividend paid (including tax thereon)	(2,786.91)		(3,450.53)	
Net cash used in financing activities (C)		**(230,143.99)**		(49,815.38)
Net decrease in cash and cash equivalents (A+B+C)		(7,525.17)		(2,789.21)
Cash and cash equivalents as at the beginning of the year		20,209.46		22,998.67
Cash and cash equivalents as at the end of the year		**12,684.29**		20,209.46
CASH AND CASH EQUIVALENTS [Note 18]				
Cash in hand		5,433.09		6,420.70
Balances with banks				
In current and cash credit accounts		5,626.93		12,258.40
In deposit accounts with maturity of less than three months		1,624.27		1,530.36
		12,684.29		20,209.46

* 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]

Jayanta Mukhopadhyay
Partner
Membership No. 055757

B S R & Co. LLP KOLKATA Chartered Accountants

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 11 May 2017

Mumbai, 11 May 2017

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 principle 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.

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Magma Fincorp Kolkata 700 017 Park Street

Note: 2

(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.

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(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.

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Note: 2

(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.

(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 3		
SHARE CAPITAL		
Authorised		
265,000,000 (2016: 265,000,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
54,300,000 (2016: 54,300,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
	59,600.00	59,600.00
Issued, subscribed and paid-up		
Equity share capital		
236,959,672 (2016: 236,828,672) Equity shares of ₹ 2/- each, fully paid up.	4,739.19	4,736.57
Preference share capital		
- (2016: 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
	4,739.19	6,036.77

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

	As at 31 March 2017		As at 31 March 2016	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Opening balance	236,828,672	4,736.57	190,425,875	3,808.52
Equity shares issued during the year vide preferential issue	-	-	46,296,297	925.92
Equity shares issued on exercise of ESOPs during the year	131,000	2.62	106,500	2.13
Closing balance	**236,959,672**	**4,739.19**	236,828,672	4,736.57
Preference shares (Cumulative non-convertible redeemable)				
Opening balance	6,500,999	1,300.20	13,600,999	9,700.40
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)
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 redeemed during the year	-	-	(3,600,000)	(3,600.00)
Closing balance	-	-	6,500,999	1,300.20

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.

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Magma Fincorp Limited Kolkata 700 016

(₹ in 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.

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2017 %	As at 31 March 2017 No. of shares	As at 31 March 2016 %	As at 31 March 2016 No. of shares
Equity shares				
Zend Mauritius VC Investments Limited	14.47	34,276,629	14.47	34,276,629
Microfirm Capital Private Limited	14.36	34,015,928	14.36	34,015,928
Celica Developers Private Limited	12.42	29,434,455	12.43	29,434,455
India Value Fund V LLP	11.92	28,255,524	-	-
International Finance Corporation	9.71	23,000,000	9.71	23,000,000
Lavender Investments Limited	7.96	18,851,431	7.96	18,851,431
LeapFrog Financial Inclusion India Holdings Limited	7.82	18,518,519	7.82	18,518,519
Indium V (Mauritius) Holdings Limited	-	-	8.60	20,355,524
Preference shares (Cumulative non-convertible redeemable)				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	-	-	100.00	6,500,999

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 1,25,000 options (2016: Nil) under MESOP 2007 at an exercise price of ₹ 60/- per share to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each)

(in nos.)

	Year ended 31 March 2017	Year ended 31 March 2016
Outstanding options at the beginning of the year	287,500	636,500
Granted during the year	125,000	-
Exercised during the year	131,000	106,500
Lapsed during the year	67,500	242,500
Forfeited during the year	-	-
Outstanding options at the end of the year	214,000	287,500
Options vested and exercisable at the end of the year	59,000	130,000

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(₹ in Lacs)

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 Nil options (2016: 250,000) under MRSOP 2014 at an exercise price of ₹ 2/- per share to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each)

(in nos.)

	Year ended 31 March 2017	Year ended 31 March 2016
Outstanding options at the beginning of the year	670,000	600,000
Granted during the year	-	250,000
Exercised during the year	-	-
Lapsed during the year	350,000	180,000
Forfeited during the year	-	-
Outstanding options at the end of the year	320,000	670,000
Options vested and exercisable at the end of the year	-	-

The weighted average fair value of each option of Magma Fincorp Limited was ₹ 71.93 (2016: ₹ 69.20) using the Black-Scholes model with the following assumptions

	Units	As at 31 March 2017	As at 31 March 2016
Grant date share price	₹	56.85 - 108.00	56.85 - 100.00
Exercise price	₹	2.00 - 60.00	2.00 - 60.00
Dividend yield	%	0.61 - 1.06	0.61 - 1.20
Expected life	years	4.42 - 4.80	4.16 - 4.80
Risk free interest rate	%	6.92 - 8.35	7.78 - 8.57
Volatility	%	42.00 - 58.13	41.83 - 58.13

Equity shares reserved for issue under options

	No. of options granted	Exercise price (₹)	As at 31 March 2017		As at 31 March 2016	
			No. of options	Amount	No. of options	Amount
Under MESOP 2007:						
Tranche II	250,000	60.00	40,000	0.80	127,500	2.55
Tranche III	50,000	60.00	-	-	15,000	0.30
Tranche V	150,000	60.00	14,000	0.28	20,000	0.40
Tranche VI	50,000	60.00	35,000	0.70	50,000	1.00
Tranche VIII	175,000	60.00	-	-	75,000	1.50
Tranche XI	125,000	60.00	125,000	2.50	-	-
Under MRSOP 2014:						
Tranche I (A)	650,000	2.00	320,000	6.40	420,000	8.40
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 2017	Year ended 31 March 2016
Net profit for equity shareholders	₹ in Lacs	606.29	18,200.00
Stock-based employee compensation expense (intrinsic value method)	₹ in Lacs	(37.60)	230.82
Stock-based employee compensation expense (fair value method)	₹ in Lacs	16.75	(238.50)
Proforma net profit	₹ in Lacs	585.44	18,192.32
Basic earnings per share (Face value: ₹ 2/-) as reported	₹	0.26	7.84
Proforma basic earnings per share (Face value: ₹ 2/-)	₹	0.25	7.84
Diluted earnings per share (Face value: ₹ 2/-) as reported	₹	0.26	7.82
Proforma diluted earnings per share (Face value: ₹ 2/-)	₹	0.25	7.81

(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 4		
RESERVES AND SURPLUS		
Capital reserve	**457.98**	457.98
Capital redemption reserve	**1,421.84**	1,421.84
Securities premium reserve		
Opening balance	115,755.70	67,580.67
Add: On equity shares issued during the year vide preferential issue	-	49,074.07
Add: On equity shares issued on exercise of ESOPs during the year	84.28	79.70
Less: On preference share redeemed during the year	-	250.00
Less: Share issue expenses	-	728.74
	115,839.98	115,755.70
Employee share option outstanding		
Gross employee share compensation cost for options granted in earlier years	283.40	73.87
Less: Transferred to securities premium reserve on allotment of shares	8.31	21.29
Add: Deferred employee compensation cost	(37.60)	230.82
	237.49	283.40
Amalgamation reserve account	**106.48**	106.48
Statutory reserve		
(created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	21,860.00	18,110.00
Add: Transfer from surplus in the statement of profit and loss	130.00	3,750.00
	21,990.00	21,860.00
General reserve		
Opening balance	11,390.00	9,510.00
Add: Transfer from surplus in the statement of profit and loss	-	1,880.00
	11,390.00	11,390.00
Surplus (balance in the statement of profit and loss)		
Opening balance	47,129.24	37,285.78
Profit for the year	609.68	18,714.97
Amount available for appropriations	**47,738.92**	56,000.75
Appropriations		
Proposed dividend on preference shares*	2.08	427.87
Tax on proposed preference dividend as above*	0.42	87.10
Proposed dividend on equity shares* #	-	2,265.36
Tax on proposed equity dividend as above* #	-	461.18
Transfer to statutory reserve	130.00	3,750.00
Transfer to general reserve	-	1,880.00
	47,606.42	47,129.24
	199,050.19	198,404.64

* 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 and preference shares in the financial year ended 31 March 2017.

Dividend for year ended 31 March 2016 includes dividend on equity shares allotted post 31 March 2016 and tax thereon.

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(₹ in Lacs)

	Security as per	As at 31 March 2017	As at 31 March 2016
Note: 5			
LONG-TERM BORROWINGS			
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	5,500.00	48,500.00
		5,500.00	48,500.00
Unsecured			
Subordinated non-convertible perpetual debentures (Tier I capital)		13,310.00	11,250.00
Subordinated redeemable non-convertible debentures (Tier II capital)		78,030.00	77,430.00
		91,340.00	88,680.00
Term loan			
Secured *			
from banks	(b) and (c)	131,000.48	109,457.04
from others (financial institutions)	(b) and (c)	836.89	13,726.31
		131,837.37	123,183.35
Unsecured			
from banks (subordinated) (Tier II capital)		10,000.00	-
		10,000.00	-
		238,677.37	260,363.35
* Aggregate of loans guaranteed by Director (including current maturities)		796.50	1,329.40

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.

(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)

Maturity schedule	Interest rate range (p.a.) 31 March 2017	Interest rate range (p.a.) 31 March 2016	As at 31 March 2017 Long-term	As at 31 March 2017 Current maturities	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities
>5 Years	9.00%	-	5,000.00	-	-	-
3 - 5 Years	9.55%	-	500.00	-	-	-
1 - 3 Years	-	9.63 % - 10.80%	-	-	48,500.00	-
0 - 1 Years	9.63% - 10.80%	9.50 % - 11.50%	-	48,500.00	-	55,730.00
			5,500.00	**48,500.00**	48,500.00	55,730.00

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)

Maturity schedule	Interest rate range (p.a.) 31 March 2017	Interest rate range (p.a.) 31 March 2016	As at 31 March 2017 Long-term	As at 31 March 2017 Current maturities	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities
> 5 Years	11.50% - 12.10%	12.00 % - 12.10%	7,810.00	-	5,750.00	-
3 - 5 Years	12.50%	12.50 % - 13.75%	2,500.00	-	5,500.00	-
1 - 3 Years	13.50% - 13.75%	-	3,000.00	-	-	-
			13,310.00	-	11,250.00	-
Percentage of Tier I Capital			**8.15%**		6.35%	

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]

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(₹ in Lacs)

Terms of maturity of unsecured subordinated redeemable non-convertible debentures (Tier II capital)

Maturity schedule	Interest rate range (p.a.)		As at 31 March 2017		As at 31 March 2016	
	31 March 2017	31 March 2016	Long-term	Current maturities	Long-term	Current maturities
> 5 Years	10.25% - 11.50%	10.70 % - 11.50%	21,000.00	-	32,700.00	-
3 - 5 Years	11.00% - 11.45%	11.00%	23,000.00	-	13,000.00	-
1 - 3 Years	11.00% - 11.75%	11.20% - 12.00%	34,030.00	-	31,730.00	-
0 - 1 Years	11.75% - 12.00%	11.50%	-	10,700.00	-	500.00
			78,030.00	**10,700.00**	77,430.00	500.00

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of repayment of secured term loans

Repayment schedule	Interest rate range (p.a.)		As at 31 March 2017		As at 31 March 2016	
	31 March 2017	31 March 2016	Long-term	Current maturities	Long-term	Current maturities
3 - 5 Years	9.50% - 12.00%	9.85% - 12.25%	35,281.94	-	36,093.05	-
1 - 3 Years	9.50% - 12.25%	9.85% - 12.25%	96,555.43	-	87,090.30	-
0 - 1 Years	9.85% - 12.25%	9.85% - 12.25%	-	63,870.54	-	70,486.81
			131,837.37	**63,870.54**	123,183.35	70,486.81

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of repayment of unsecured term loans (Tier II capital)

Repayment schedule	Interest rate range (p.a.)		As at 31 March 2017		As at 31 March 2016	
	31 March 2017	31 March 2016	Long-term	Current maturities	Long-term	Current maturities
> 5 Years	11.00%	-	10,000.00	-	-	-
			10,000.00	-	-	-

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

	As at 31 March 2017	As at 31 March 2016
Note: 6		
LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	775.61	668.52
Other provisions		
Provision for non-performing assets [Note 35(m)]	15,859.20	26,585.79
Contingent provision against standard assets (Tier II capital)	1,900.00	1,890.00
	18,534.81	29,144.31

(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 7		
SHORT-TERM BORROWINGS		
Commercial papers		
Unsecured		
Face value	51,000.00	59,000.00
Less: Unmatured discounting charges	815.37	1,466.41
	50,184.63	57,533.59
Loans from banks		
Secured*		
Cash credit facilities	107,151.13	205,378.24
Working capital demand loans	329,999.99	332,500.00
	437,151.12	537,878.24
	487,335.75	595,411.83

Details of unsecured commercial papers

Number of units	Face value (₹ in lacs)	Interest terms	As at 31 March 2017	As at 31 March 2016
10,200	5	Fixed	50,184.63	-
11,800	5	Fixed	-	57,533.59
			50,184.63	57,533.59

The above commercial papers carry interest rates ranging from 7.61 % p.a. to 8.95 % p.a. with maturity ranging from 1 month to 3 months (2016: from 8.95 % p.a. to 10.00 % p.a. with maturity ranging from 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 from 9.00% p.a. to 11.20% p.a. (2016: from 9.25 % p.a. to 11.80% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 8.20% p.a. to 9.60% p.a. (2016: from 9.55% p.a. to 10.00% p.a.). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

*** Nature of security**

Cash credit facilities and working capital demand loans from Banks are secured by way of 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 way of equitable mortgage over immovable property.

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 8		
TRADE PAYABLES		
Due to micro and small enterprises *	-	-
Due to others	18,307.40	16,083.37
	18,307.40	16,083.37

* 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 2017 and 31 March 2016. 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.

	As at 31 March 2017	As at 31 March 2016
Note: 9		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings [Note 5]	123,070.54	126,716.81
Interest accrued but not due on borrowings	8,706.11	11,247.08
Unpaid dividend #	32.28	28.54
Unclaimed matured deposits and interest accrued thereon *	-	0.13
Other liabilities		
Temporary book overdraft	2,090.45	4,362.75
Advances and deposits from customers	6,476.09	6,868.59
Statutory liabilities	601.56	692.45
Director's commission payable	-	160.00
Pending remittance on assignment	22,695.91	23,835.09
Other payables	7,450.51	5,945.95
	171,123.45	179,857.39

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

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile 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.

	As at 31 March 2017	As at 31 March 2016
Note: 10		
SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	86.58	76.57
Other provisions		
Contingent provision against standard assets (Tier II capital)	1,340.00	1,280.00
Proposed dividend (including tax thereon) [Note 4]	-	2,788.15
Provision for taxation (net)	-	1,435.57
	1,426.58	5,580.29

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Notes to the financial statements (continued)

Note: 11

FIXED ASSETS

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.

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Notes to the financial statements (continued)

Note: 11 (continued)

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 *	3,497.37	-	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.

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 12		
NON-CURRENT INVESTMENTS		
Other investment (at cost) [Note 43]		
Investment in equity shares		
Quoted (fully paid-up of ₹ 10/- each)	1.12	1.12
Unquoted (fully paid-up of ₹ 10/- each)		
In subsidiaries	9,329.94	9,329.94
In joint ventures	6,302.20	6,302.20
In others	422.04	422.04
Investment in preference shares		
Unquoted (fully paid-up of ₹ 10/- each)		
In subsidiary	24,888.89	24,888.89
Investment in government securities		
Unquoted (pledged with sales tax authorities)	0.16	0.16
Others		
In pass through certificates *	4,924.70	2,274.28
In security receipts (of ₹ 1,000/- each)	7,416.47	-
	53,285.52	43,218.63
Aggregate provision for diminution in value of investments	(1.05)	(1.05)
	53,284.47	43,217.58
Aggregate book value of quoted investments	1.12	1.12
Aggregate market value of quoted investments	0.28	0.33
Aggregate book value of unquoted investments	53,284.40	43,217.51

* 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 to ₹ 4,737.23 lacs (2016: ₹ 2,597.22 lacs) has been included under 'Current Investments' [Note 16].

	As at 31 March 2017	As at 31 March 2016
Note: 13		
DEFERRED TAX ASSETS / LIABILITIES (net)		
Deferred tax assets		
Contingent provision against standard assets	1,121.30	1,097.07
Provision for non-performing assets	5,661.59	9,315.71
Unabsorbed depreciation and amortisation	3,585.25	-
Others	303.94	299.26
	10,672.08	10,712.04
Deferred tax liabilities		
Fixed assets	3,172.35	2,675.90
Unamortised expenses (net)	5,469.70	5,168.39
Others	58.36	104.88
	8,700.41	7,949.17
Deferred tax assets (net)	**1,971.67**	2,762.87

(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
Note: 14		
LONG-TERM LOANS AND ADVANCES		
Assets on finance#		
Secured, considered good*	504,951.84	608,962.07
Secured, considered doubtful*	19,930.03	48,768.95
Unsecured, considered good	80,833.20	81,876.88
	605,715.07	739,607.90
Others		
Unsecured, considered good		
Capital advances	118.61	12.36
Loans to staff	96.86	108.87
Loans and advances to related parties [Note 36]	10,063.05	1,669.34
Tax advances and deduction at source (net)	7,478.98	-
Security deposits	1,011.04	845.45
	18,768.54	2,636.02
Unsecured, considered doubtful		
Other loans and advances		
Advances recoverable in cash or kind or for value to be received	500.00	332.00
Less: Provision against loans and advances	500.00	332.00
	-	-
	624,483.61	742,243.92

Assets on finance includes sub-standard assets of ₹ 69,754.07 lacs (2016: ₹ 76,304.58 lacs) and is net of amounts securitised / assigned aggregating to ₹ 3,62,064.98 lacs (2016: ₹ 3,65,056.97 lacs).

* Secured by underlying assets financed

	As at 31 March 2017	As at 31 March 2016
Note: 15		
OTHER NON-CURRENT ASSETS		
Others		
Non-current bank balances*	8,629.25	705.74
Unamortised borrowings costs	1,567.64	1,134.06
Unamortised loan origination costs (net)	6,548.17	6,089.72
Gratuity (excess of plan assets over obligation) [Note 27]	168.63	303.05
	16,913.69	8,232.57

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 475.17 lacs (2016: ₹ 312.28 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 8,154.08 lacs (2016: ₹ 378.00 lacs).

	As at 31 March 2017	As at 31 March 2016
Note: 16		
CURRENT INVESTMENTS		
Other investment [Note 43]		
Others (at cost)		
In pass through certificates [Note 12]	4,737.23	2,597.22
	4,737.23	2,597.22
Aggregate book value of unquoted investments	4,737.23	2,597.22

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(₹ in Lacs)

	As at 31 March 2017	As at 31 March 2016
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	643.21	485.30
	643.21	706.97

	As at 31 March 2017	As at 31 March 2016
Note: 18		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	5,433.09	6,420.70
Balances with banks		
In current and cash credit accounts	5,626.93	12,258.40
In deposits with original maturity of three months or less	1,624.27	1,530.36
	12,684.29	20,209.46
Other bank balances *		
In unpaid dividend account	32.28	28.54
In deposits with original maturity of three months or less	522.00	-
In deposits with original maturity of more than three months to twelve months	9,373.04	12,737.98
Current maturities of deposits with original maturity of more than twelve months	4,637.50	3,069.98
	14,564.82	15,836.50
	27,249.11	36,045.96

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 2,058.83 lacs (2016: ₹ 1,800.43 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 12,050.87 lacs (2016: ₹ 12,408.68 lacs). Fixed deposits accounts with more than twelve months maturity amounting to ₹ 8,629.25 lacs (2016: ₹ 705.74 lacs) included under 'Other Non-Current Assets' [Note 15].

	As at 31 March 2017	As at 31 March 2016
Note: 19		
SHORT-TERM LOANS AND ADVANCES		
Asset on finance		
Secured, considered good*	266,964.02	328,812.52
Unsecured, considered good	109,926.12	92,081.24
	376,890.14	420,893.76
Others		
Unsecured, considered good		
Loan and advances to related parties [Note 36]	665.13	580.12
Other loans and advances		
Loans to staff	191.40	205.44
Advances recoverable in cash or kind or for value to be received	875.31	2,054.67
Prepaid expenses	640.72	731.16
Balances with statutory / government authorities	1,040.12	1,158.36
	3,412.68	4,729.75
	380,302.82	425,623.51

* Secured by underlying assets financed

	As at 31 March 2017	As at 31 March 2016
Note: 20		
OTHER CURRENT ASSETS		
Others		
Accrued interest / financial charges	221.29	176.48
Unamortised borrowings costs	1,050.07	989.57
Unamortised loan origination costs (net)	6,638.85	6,760.01
Others	54.73	186.27
	7,964.94	8,112.33

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(₹ in Lacs)

	Year ended 31 March 2017	Year Ended 31 March 2016
Note: 21		
REVENUE FROM OPERATIONS		
Interest / finance income		
On assets on finance	176,802.86	194,601.37
On securitisation and assignment of loans	7,137.36	1,193.74
On pass through certificates	599.83	334.67
On fixed deposits	1,527.65	2,150.73
On loans and margins	1,966.65	924.20
	188,034.35	199,204.71
Other financial income		
Lease rentals	2,438.63	1,325.84
Collection and support services	1,879.72	3,406.74
Foreclosure charges	3,378.74	3,559.48
Income on non-convertible debenture	-	2,199.99
Others	1,566.41	1,267.27
	9,263.50	11,759.32
	197,297.85	210,964.03

	Year ended 31 March 2017	Year Ended 31 March 2016
Note: 22		
OTHER INCOME		
Sale of power	1,108.90	1,034.07
Insurance commission	816.57	1,037.40
Commission income	673.49	-
Gain on sale of fixed assets (net)	16.00	-
Gain on sale of investments (non-current, other than trade) (net)	-	5.08
Rental income	2.61	2.63
Excess provision on investment written back	-	34.53
Bad debt recovered	1,910.21	834.18
Miscellaneous income	378.87	3.63
	4,906.65	2,951.52

	Year ended 31 March 2017	Year Ended 31 March 2016
Note: 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	20,841.95	22,425.46
Contribution to provident and other funds	1,387.52	1,027.08
Employee share based compensation expense	(37.91)	230.82
Staff welfare expenses	829.20	974.82
	23,020.76	24,658.18

(₹ in Lacs)

	Year ended 31 March 2017	Year Ended 31 March 2016
Note: 24		
FINANCE COSTS		
Interest expense		
On debentures	18,735.10	24,362.16
On term loans	21,412.79	17,651.39
On cash credit and working capital facilities	38,838.99	39,764.33
On others	100.64	11.43
Discount on commercial papers	11,098.65	14,007.05
Other borrowing costs	3,624.98	3,989.44
Mark-to-market (profit) / losses on derivative contracts [Note 35(c)]	(23.10)	23.10
	93,788.05	99,808.90

	Year ended 31 March 2017	Year Ended 31 March 2016
Note: 25		
PROVISIONS AND BAD DEBTS WRITTEN-OFF		
Bad debts written-off	18,340.33	24,241.48
Net loss / (gain) on sale of non-performing assets *	19,308.12	-
Provision for non-performing assets	16,514.04	9,444.93
Contingent provision against standard assets	70.00	50.00
	54,232.49	33,736.41

* Net of reversals of provision on sale of non-performing assets ₹ 27,240.62 lacs.

	Year ended 31 March 2017	Year Ended 31 March 2016
Note: 26		
OTHER EXPENSES		
Rent	1,530.02	1,644.00
Brokerage and commission	10,606.68	11,658.20
Rates and taxes	68.94	72.87
Insurance	117.55	107.48
Advertisement and publicity	269.47	351.25
Travelling and conveyance	1,864.50	2,236.32
Repairs and maintenance		
- machinery	254.79	227.10
- others	1,259.26	1,187.11
Payment to directors		
- fees	14.95	11.50
- commission	12.40	170.50
Professional fees	1,742.06	1,695.87
Legal charges	1,776.75	1,586.55
Printing and stationery	482.30	544.52
Communication	1,357.85	1,326.97
Electricity charges	649.18	608.28
Corporate social responsibility expenditure [Note 37]	374.07	283.99
Loss on sale of fixed assets (net)	-	2.30
Capital work in progress written-off	690.13	-
Miscellaneous expenses	2,192.83	1,465.72
	25,263.73	25,180.53

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Note:

(₹ in Lacs)

27 Employee benefits

Gratuity benefit plan

The scheme is 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 2017	Year ended 31 March 2016
Opening defined benefit obligation	1,324.19	1,277.33
Current service cost	239.74	187.46
Interest cost	95.80	91.54
Actuarial losses /(gains)	261.41	2.06
Benefits paid	(213.81)	(234.20)
Closing defined benefit obligation	**1,707.33**	1,324.19

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Opening fair value of the plan assets	1,627.24	1,551.10
Expected return on plan assets	132.63	120.63
Contributions by employer	329.90	189.71
Actuarial (losses) / gains	-	-
Benefits paid	(213.81)	(234.20)
Closing fair value of the plan assets	**1,875.96**	1,627.24

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

Particulars	As at 31 March 2017	As at 31 March 2016
Defined benefit obligation	(1,707.33)	(1,324.19)
Fair value of plan assets	1,875.96	1,627.24
Net asset	**168.63**	303.05

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current service cost	239.74	187.46
Interest on defined benefit obligation	95.80	91.54
Net actuarial losses / (gains) recognised	261.41	2.06
Expected return on plan assets	(132.63)	(120.63)
Net expense included in "Employee benefits expenses"	**464.32**	**160.43**

(e) Summary of actuarial assumptions

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Discount rate	7.28%	7.87%
Salary increase	5.00%	5.00%
Withdrawal rate	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) **Experience adjustments**

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		43.40

Note: (₹ in Lacs)

28 Lease transactions in the capacity of Lessee

Lease rental expense under non-cancellable operating lease during the year amounted to ₹ 32.32 lacs (2016: ₹ 26.10 lacs). Future minimum lease payments under non-cancellable operating lease is as below:

Particulars	As at 31 March 2017	As at 31 March 2016
Not later than one year	39.64	21.53
Later than one year but not later than five years	37.51	34.78
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 ₹ 1,983.14 lacs (2016: ₹ 1,907.46 lacs). Above rental expense includes the cost allocated to the subsidiaries and joint ventures amounting to ₹ 485.44 lacs (2016: ₹ 289.56 lacs).

29 Earnings per share (EPS)

Particulars			Units	Year ended 31 March 2017	Year ended 31 March 2016
Basic and Diluted					
(a)	(i)	Weighted average number of equity shares (Face Value of ₹ 2/- per share) for Basic EPS	Nos.	236,903,308	232,096,351
	(ii)	Weighted average number of equity shares for diluted EPS [after considering 4.03 lacs shares (2016: 7.43 lacs) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	237,306,305	232,839,048
(b)		Net profit after tax	₹ in Lacs	609.68	18,714.97
(c)		Less : Preference dividend including tax thereon	₹ in Lacs	3.39	514.97
(d)	(i)	Net profit for equity shareholders for basic EPS	₹ in Lacs	606.29	18,200.00
	(ii)	Net profit for equity shareholders for diluted EPS	₹ in Lacs	606.29	18,200.00
(e)	(i)	Earning per share (face value of ₹ 2/- per share) – Basic	₹	0.26	7.84
	(ii)	Earning per share (face value of ₹ 2/- per share) – Diluted	₹	0.26	7.82

30 Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
1 **Claims against the Company not acknowledged as debt**		
(i) Income tax matters under dispute	292.96	314.29
(ii) VAT matters under dispute	240.49	242.33
(iii) Service tax matters under dispute	292.37	115.00
(iv) Legal cases against the Company *	116.32	325.61
2 **Guarantees**		
(i) Unexpired bank guarantee	28,098.46	21,096.24

* 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

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	872.54	574.08
(ii) Redemption of preference shares (including premium)	-	1,300.20

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

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. 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.

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Note: (₹ in Lacs)

31 (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.

32 **Payments to auditors (included in Professional fees)**

Particulars	**Year Ended 31 March 2017**	Year Ended 31 March 2016
Audit fees	36.00	36.00
Limited review of quarterly results	30.00	24.00
Other services	2.45	-
Reimbursement of expenses	14.29	8.69
Total	**82.74**	68.69

33 **Loans and advances to subsidiary Company**

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.

34 **Additional notes**

(a) C.I.F. value of imports of goods acquired for asset financing arrangements ₹ Nil (2016: ₹ Nil).

(b) Earnings in foreign currency ₹ Nil (2016: ₹ Nil).

(c) Expenditure in foreign currency on account of professional fees, travelling and others ₹ 80.58 lacs (2016: ₹ 71.82 lacs).

(d) Dividend remitted in foreign currency

Particulars	**Paid in 31 March 2017**	Paid in 31 March 2016
Preference shares		
Financial year to which the dividend relates	2015-16	2014-15
Number of shareholder	1	1
Number of shares held	8,610,198	8,610,198
Amount remitted (₹ lacs)	87.02	184.24

35 **Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014**

(a) **Capital**

Particulars	**As at 31 March 2017**	As at 31 March 2016
(i) CRAR (%)	20.4	18.7
(ii) CRAR -Tier I Capital (%)	15.4	14.6
(iii) CRAR -Tier II Capital (%)	5.0	4.1
(iv) Amount of subordinated debt raised as Tier-II capital	98,730.00	77,930.00
(v) Amount raised by issue of Perpetual Debt Instruments	13,310.00	11,250.00

(b) **Investments**

Particulars	**As at 31 March 2017**	As at 31 March 2016
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	58,022.75	45,815.85
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	1.05	1.05
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	58,021.70	45,814.80
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	1.05	35.58
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	34.53
(iv) Closing balance	1.05	1.05

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Note: (₹ in Lacs)

35 (c) Derivative

1 **Forward Rate Agreement / Interest rate Swap**

Particulars	As at 31 March 2017	As at 31 March 2016
(i) The notional principal of swap agreements	-	1,300.20
(ii) Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	176.70
(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

The Company has recognised gain of ₹ 23.10 lacs (2016: loss of ₹ 23.10 lacs) relating to derivative financial instrument.

The Company does not have any exposure to exchange traded interest rate (IR) derivatives as at 31 March 2017 and 31 March 2016.

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	-	-

(d) **Disclosures relating to Securitisation**

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

Particulars	As at 31 March 2017	As at 31 March 2016
1 No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions *	23	20
2 Total amount of securitised assets as per books of the SPVs sponsored	226,105.01	106,426.01
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	19,622.76	11,153.68
Others	9,661.93	4,871.50
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
'(i) Exposure to own securitisation		
First loss	-	-
Others	27,359.26	17,273.86
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	22,100.02	12,519.54
(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.

Note: (₹ in Lacs)

35 (d) 1 **(ii) Accounting for Excess Interest Spread (EIS)**

The Company recognises EIS on securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012 which requires recognition of EIS only when redeemed in cash. Accordingly, the gross income on securitisation and assignment of loans aggregating to ₹ 1,290.58 lacs for the year ended 31 March 2017 (2016: ₹ 3,287.54 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 2017		As at 31 March 2016	
	Non-current	Current	Non-current	Current
1 Excess interest spread receivable	5,527.21	10,480.73	3,324.11	5,866.35
2 Unrealised gain on securitisation transactions	5,527.21	10,480.73	3,324.11	5,866.35

(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 ₹ 1,261.88 lacs (2016: ₹ 4,330.67 lacs) has been received by the Company as an investor after withholding SDT of ₹ 436.71 lacs (2016: ₹ 1,495.33 lacs).

2 **Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(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)	-

* Excess provision of ₹ 348.88 has not been reversed for case where sale value is higher than the NBV.

3 **Details of the net book value of investments in security receipts:**

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(i) Backed by non-performing assets sold by the Company as underlying	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	**7,416.47**	-

4 **Details of Assignment transactions undertaken by NBFCs**

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(i) No. of accounts	1,601	20,264
(ii) Aggregate value (net of provisions) of accounts sold	35,253.75	93,852.10
(iii) Aggregate consideration	35,253.75	93,852.10
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

5 **Details of non-performing financial assets purchased / sold**

a) Details of non-performing financial assets purchased:

The Company has not purchased any non-performing financial assets during the financial year ended 31 March 2017 and 31 March 2016.

b) Details of Non-performing Financial Assets sold:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(i) No. of accounts sold	19,415	-
(ii) Aggregate outstanding *	17,674.60	-
(iii) Aggregate consideration received	3,900.00	-

* net of provisions

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Note: (₹ in Lacs)

35 (e) **Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities**

	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	69,599.02	29,009.20	33,386.68	87,501.05	160,166.15	401,833.36	144,648.97	78,642.00	1,004,786.43
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].

(f) **Exposures**

1 **Exposure to real estate sector**

Category			**As at 31 March 2017**	As at 31 March 2016
(i)	Direct exposure			
	A.	Residential mortgages	62,592.35	91,920.81
	B.	Commercial real estate	19,495.27	33,987.44
	C.	Investments in Mortgage Backed Securities (MBS) and other securitised exposures*		
		a. Residential	-	-
		b. Commercial Real Estate	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**

Particulars	**As at 31 March 2017**	As at 31 March 2016
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
Total Exposure to Capital Market	**1.12**	1.12

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 2017 and 31 March 2016.

4 **Unsecured advances**

Particulars	**As at 31 March 2017**		As at 31 March 2016	
	Non-Current	**Current maturities**	Non-Current	Current maturities
1 Unsecured Advances	80,833.20	109,926.12	81,876.88	92,081.24

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 2017 and 31 March 2016.

(g) **Registration obtained from other financial sector regulators.**

	Regulator	**Registration no.**	**Date of registration / renewal**
1	Ministry of Corporate Affairs	L51504WB1978PLC031813	18 December 1978
2	Insurance Regulatory and Development Authority	CA0154 (Composite)	29 March 2016

(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 2017 and 31 March 2016.

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(₹ in Lacs)

Note:

35 (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

j) Remuneration of non-executive Directors

	Name of directors	Nature of payment	Year Ended 31 March 2017	Year Ended 31 March 2016
1	Mr. Neil Graeme Brown	Sitting Fees	-	1.20
		Commission	-	35.00
2	Mr. Narayan K Seshadri	Sitting Fees	2.90	2.20
		Commission	-	75.00
3	Mr. Nabankur Gupta	Sitting Fees	2.60	1.60
		Commission	-	30.00
4	Mr. Satya Brata Ganguly	Sitting Fees	5.30	3.70
		Commission	-	20.00
5	Mr. Sanjay Nayar	Sitting Fees	0.80	1.40
6	Mrs. Ritva Kaarina Laukkanen	Sitting Fees	0.80	0.60
7	Mr. V K Viswanathan	Sitting Fees	1.40	-

(k) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	Year Ended 31 March 2017	Year Ended 31 March 2016
Under "Provisions and bad debts written-off"		
1 Provision for standard assets	70.00	50.00
2 Provision for non-performing assets	16,514.04	9,444.93
Under "Tax expenses"		
1 Provision made towards income tax (includes deferred tax)	461.13	7,882.12
Under "Employee Benefit Expenses"		
1 Provision for compensated absences	117.10	415.17

(l) Concentration of Deposits, Advances, Exposures and NPAs

1 Concentration of Advances

Particulars	As at 31 March 2017
Total advances to twenty largest borrowers	35,258.47
Percentage of advances to twenty largest borrowers to total advances	3.6

2 Concentration of Exposures

Particulars	As at 31 March 2017
Total exposure to twenty largest borrowers/ customers	35,258.47
Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	3.6

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Note: (₹ in Lacs)

35 (l) 3 **Concentration of NPAs**

Particulars	As at 31 March 2017
Total exposure to top four NPA accounts	766.43

4 **Sector-wise NPAs**

Sector	% of NPAs to Total Advances in the sector
(i) Agriculture & allied activities	17.7
(ii) MSME	3.0
(iii) Corporate borrowers*	-
(iv) Services	13.1
(v) Unsecured personal loans	-
(vi) Auto loans	7.5
(vii) Other personal loans	3.8

* Corporate borrowers is included in the respective sector

(m) **Movement of NPAs**

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
i) Net NPAs to Net Advances (%)	7.6%	8.7%
ii) Movement of NPAs (Gross)		
a) Opening balance	125,073.53	83,005.06
b) Additions during the year	59,771.30	76,080.73
c) Reductions during the year	95,160.73	34,012.26
d) Closing balance	**89,684.10**	125,073.53
iii) Movement of Net NPAs		
a) Opening balance	98,487.74	65,864.20
b) Additions during the year	53,624.01	65,912.06
c) Reductions during the year	78,286.85	33,288.52
d) Closing balance	**73,824.90**	98,487.74
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	26,585.79	17,140.86
b) Provisions made during the year	6,147.29	10,168.67
c) Write-off / write-back of excess provisions	16,873.88	723.74
d) Closing balance	**15,859.20**	26,585.79

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.

(n) **Disclosure of complaints**

Customer complaints

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
No. of complaints pending at the beginning of the year	25	61
No. of complaints received during the year	531	1,221
No. of complaints redressed during the year	552	1,257
No. of complaints pending at the end of the year	4	25

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Note: (₹ in Lacs)

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**

	Name	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 Liability)]	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

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

Note: 36

(₹ 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
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 Limited	-	-	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	-
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	-
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.

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Magma Fincorp Limited 24, Park Street Kolkata 700 016

Note: (₹ in Lacs)

37 **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.

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

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.

38 **Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India**

During the year ended 31 March 2017, 16 cases (2016: 25 cases) of frauds has been detected and reported. The un-recovered amounts aggregating to ₹ 162.74 lacs (2016: ₹ 380.91 lacs) have been fully provided for / written-off.

39 **Disclosures in terms of the notification issued by the Reserve Bank of India on 21 March 2012**

Particulars	As at 31 March 2017	As at 31 March 2016
Total gold loan portfolio*	-	28.58
Total assets	1,139,194.74	1,290,881.95
Gold loan portfolio as a % of total assets	0.00%	0.00%

*The Company has discontinued the Gold loan product as decided in the meeting of Board of Directors held on 06 November 2014.

40 **Disclosures relating to Gold loan auction in terms of the notification issued by Reserve Bank of India on 16 September 2013**

Particulars	As at 31 March 2017	As at 31 March 2016
1 Number of loan accounts	-	1,202
2 Outstanding amounts	-	444.25
3 Value fetched	-	466.33
4 Whether any of its sister concerns participated in the auction	NA	No

41 **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

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.

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Note: (₹ in Lacs)

42 Disclosures in respect of Company's Joint Ventures pursuant to Accounting Standard - 27

The Company's interests in its joint ventures is as follows:

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

43 Details of investments

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

44 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.

(₹ in Lacs)

Note:

45 Previous year's figure

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Jayanta Mukhopadhyay
Partner
Membership No.-055757

B S R & Co. LLP KOLKATA Chartered Accountants

Kailash Baheti
Chief Financial Officer

Shahnum Zaman
Company Secretary

Kolkata, 11 May 2017

Mumbai, 11 May 2017

(₹ in Lacs)

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Sl. No.	Particulars	Amount outstanding as at 31 March 2017	Amount overdue as at 31 March 2017
	Liabilities		
1	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**		
(a)	Debentures		
	- Secured	54,000.00	-
	- Unsecured	102,040.00	-
(b)	Deferred Credits	-	-
(c)	Term Loans	205,707.91	-
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	50,184.63	-
(f)	Public Deposits	-	-
(g)	Cash Credit / Working Capital Demand Loans from Banks	437,151.12	-

Sl. No.	Particulars	Amount outstanding as at 31 March 2017
	Assets	
2	**Break-up of Loans and Advances, including Bills Receivables (other than those included in (4) below)**	
(a)	Secured	-
(b)	Unsecured	22,824.43
3	**Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities**	
(i)	Lease Assets including Lease Rentals under Sundry Debtors	6,751.67
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	-
(iii)	Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	3,783.92
	(b) Loans other than (a) above	978,821.29
4	**Break-up of Investments**	
	Current Investments	
1	Quoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	Unquoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Sl. No.	Particulars	Amount outstanding as at 31 March 2017
	Long-term Investments	
1	Quoted	
	(i) Shares (a) Equity	0.07
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Magma Fincorp Limited
24, Park Street
Kolkata 700 016

(₹ in Lacs)

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Sl. No.	Particulars	Amount outstanding as at 31 March 2017
2	Unquoted	
	(i) Shares (a) Equity	16,054.18
	(b) Preference	24,888.89
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	
	- National Savings Certificate	0.16
	- Pass Through Certificate	9,661.93
	- Security Receipts	7,416.47

5	Borrower group-wise classification of assets financed as in (2) and (3) above			
	Category	**Secured**	**Unsecured**	**Total as at 31 March 2017**
1	Related Parties			
	(a) Subsidiaries	-	9,900.00	9,900.00
	(b) Companies in the same group	-	693.26	693.26
	(c) Other related parties		163.05	163.05
2	Other than Related Parties	798,597.56	202,827.44	1,001,425.00
	Total	798,597.56	213,583.75	1,012,181.31

6	Investor group-wise Classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)		
	Category	**Market Value / Break up or Fair Value or NAV as at 31 March 2017**	**Book Value (Net of Provisions) as at 31 March 2017**
1	Related Parties		
	(a) Subsidiaries	35,160.36	34,218.83
	(b) Companies in the same group	11,651.51	6,302.20
	(c) Other related parties		-
2	Other than Related Parties	17,583.05	17,500.67
	Total	64,394.92	58,021.70

7	Other information	
	Particulars	**Total as at 31 March 2017**
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	89,684.10
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	73,824.90
(iii)	Assets acquired in satisfaction of debt	-

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Mumbai, 11 May 2017

B S R & Co. LLP

Chartered Accountants

Godrej Waterside, Unit No. 603 & 604
6th Floor, Tower 1, Plot No. 5, Block - DP
Sector V, Salt Lake, Kolkata - 700091

Telephone: + 91 33 4403 4000
Fax: + 91 33 4403 4199

Independent Auditors' Report

To the Members of Magma Fincorp Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Magma Fincorp Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its jointly controlled entities, comprising the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

Magma Fincorp Limited
Independent Auditors' Report (continued)

Auditors' Responsibility (continued)

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31 March 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 36 of the consolidated financial statement, 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 April2016 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 of actuarial valuation by the Actuary who is not the Company's Appointed Actuary.

Our audit report is not modified in respect of the above matter.

Magma Fincorp Limited
Independent Auditors' Report (continued)

Other Matters

We did not audit the financial statements of Jaguar Advisory Services Private Limited and Magma HDI General Insurance Company Limited, both jointly controlled entities, whose financial statements reflect Company's share in the total assets of Rs. 41,759.62 lacs as at 31 March 2016, total revenues of Rs. (183.47 lacs) and net cash inflows amounting to Rs. 69.38 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors ;

(c) the consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

Magma Fincorp Limited
Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary companies and jointly controlled entities, none of the Directors of the Group companies and its jointly controlled entities are disqualified as on 31 March 2016 from being appointed as a Director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and its jointly controlled entities and the operating effectiveness of such controls, refer our separate Report in the "Annexure A"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities – Refer note 34(a) to the consolidated financial statements;

ii. The Group and its jointly controlled entities have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer note 34(c) to the consolidated financial statements; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, and its jointly controlled entities.

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date : 12 May 2016

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report

The Annexure referred to in the Independent Auditor's Report to the members of Magma Fincorp Limited ("the Company") on the consolidated financial statements for the year ended 31 March 2016:

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016 we have audited the internal financial controls over financial reporting of Magma Fincorp Limited (herein referred to as "the Holding Company"), its subsidiaries and jointly controlled companies, as of date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries and jointly controlled companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company its subsidiaries and jointly controlled companies internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company its subsidiaries and jointly controlled companies internal financial controls system over financial reporting.

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report (continued)

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiaries and jointly controlled companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two jointly controlled companies, is based on the corresponding reports of the auditors of such companies.

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date: 12 May 2016

Consolidated Balance Sheet

(₹ in Lacs)

	Note no	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,036.77	17,064.48
Reserves and surplus	4	210,391.46	161,681.86
Fair value change account		1.78	1.34
		216,430.01	178,747.68
Minority Interest		**4,191.63**	3,981.47
Non-current liabilities			
Long-term borrowings	5	331,316.17	356,862.11
Deferred tax liabilities (net)	6	-	712.01
Long-term provisions	7	34,919.22	23,259.94
		366,235.39	380,834.06
Current liabilities			
Short-term borrowings	8	700,455.58	632,954.69
Trade payables	9		
- Due to micro and small enterprises		-	-
- Due to others		18,335.07	22,540.18
Other current liabilities	10	233,608.43	256,724.70
Short-term provisions	11	13,058.97	12,465.20
		965,458.05	924,684.77
Total		**1,552,315.08**	1,488,247.98
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	17,483.51	17,315.28
- Intangible assets	12	2,938.08	2,435.31
- Goodwill on consolidation		6,120.02	1,430.34
- Capital work-in-progress		1,304.30	875.22
		27,845.91	22,056.15
Non-current investments	13	32,415.17	30,796.51
Deferred tax assets (net)		3,880.15	-
Long-term loans and advances	14		
- Assets on finance		949,543.26	909,964.91
- Others		1,536.22	2,326.78
Other non-current assets	15	13,491.84	13,613.35
		1,028,712.55	978,757.70
Current assets			
Current investments	16	7,552.62	10,581.74
Trade receivables	17	705.33	754.87
Cash and bank balances	18	40,838.46	62,683.06
Short-term loans and advances	19		
- Assets on finance		455,861.90	415,177.09
- Others		6,331.87	7,651.88
Other current assets	20	12,312.35	12,641.64
		523,602.53	509,490.28
Total		**1,552,315.08**	1,488,247.98
Significant accounting policies	2		
Notes to the financial statements	3 - 41		

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

As per our report of even date attached.

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 12 May 2016

For and on behalf of the Board of Directors

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

Consolidated Statement of Profit and Loss

(₹ in Lacs)

	Note no.	Year Ended 31 March 2016	Year ended 31 March 2015
REVENUE			
Revenue from operations	21	247,777.34	235,477.93
Operating result from general insurance business	22	(557.80)	(114.85)
Other income	23	3,413.54	3,234.88
Total revenue		**250,633.08**	238,597.96
EXPENSE			
Employee benefits expense	24	31,721.70	36,181.99
Finance costs	25	119,159.57	123,293.57
Depreciation and amortisation expense	12	3,948.43	3,456.94
Provisions and bad debts written-off	26	37,497.60	24,436.42
Other expenses	27	27,723.56	28,880.06
Total expense		**220,050.86**	216,248.98
Profit before tax		**30,582.22**	22,348.98
Tax expense:			
Current tax - current year		13,780.74	5,506.29
- earlier year		(22.46)	196.60
Share of current tax of joint venture		0.66	(165.70)
Net current tax		13,758.94	5,537.19
Deferred tax		(4,746.28)	(2,013.15)
Share of deferred tax of joint venture		221.69	98.35
Profit after tax		**21,347.87**	18,726.59
Minority Interest		210.16	659.85
Profit after tax and minority interest		**21,137.71**	18,066.74
Earnings per equity share	30		
(Nominal value of ₹ 2 each fully paid up):			
Basic (in ₹)		8.89	8.88
Diluted (in ₹)		8.86	8.84
Significant accounting policies	2		
Notes to the financial statements	3 - 41		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 12 May 2016

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

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.

(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.

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011 India
Chartered Accountants

(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.

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(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.

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(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)

(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.

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(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.

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(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 3		
SHARE CAPITAL		
Authorised		
265,000,000 (2015: 265,000,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
54,300,000 (2015: 54,300,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
- (2015: 40,000,000) Preference shares of ₹ 10/- each	-	4,000.00
	59,600.00	63,600.00
Issued, subscribed and paid-up		
Equity share capital		
236,828,672 (2015: 190,425,875) Equity shares of ₹ 2/- each, fully paid up.	4,736.57	3,808.52
Preference share capital		
6,500,999 (2015: 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 ₹ 20/- on redemption of four 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
- (2015: 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
- (2015: 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
- (2015: 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
- (2015: 35,555,556) 0.01% Non-redeemable non-cumulative non-participating compulsorily convertible preference shares of ₹ 10/- each fully paid up.* Allotted at a premium of ₹ 35/- each on 5 February 2013 and compulsorily convertible after 10 years i.e. 4 February 2023. The resultant equity shares to be issued and allotted upon exercise of right attached to these preference shares shall rank pari passu in all respects with the then existing equity shares of the Company.	-	3,555.56
	6,036.77	17,064.48

* 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.

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

	As at 31 March 2016		As at 31 March 2015	
	No. of shares	**Amount**	No. of shares	Amount
Equity shares				
Opening balance	190,425,875	3,808.52	190,119,975	3,802.40
Equity shares issued during the year vide preferential issue	46,296,297	925.92	-	-
Equity shares issued on exercise of ESOPs during the year	106,500	2.13	305,900	6.12
Closing balance	**236,828,672**	**4,736.57**	190,425,875	3,808.52
Preference shares				
Opening balance	49,156,555	13,255.96	51,265,754	14,978.00
6 months US Dollar Libor plus 3.25% preference shares redeemed during the year (20% annually)	-	(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 redeemed during the year	(3,600,000)	(3,600.00)	-	-
0.01% Non-redeemable non-cumulative non-participating compulsorily convertible preference shares - purchased by holding company	(35,555,556)	(3,555.56)	-	-
9.70% Preference shares redeemed during the year (20% annually)	-	-	(2,109,199)	(421.84)
Closing balance	**6,500,999**	**1,300.20**	49,156,555	13,255.96

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.

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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.

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	%age	No. of shares	%age	No. of shares
Equity shares				
Zend Mauritius VC Investments, Limited	14.47	34,276,629	14.10	26,854,375
Microfirm Capital Private Limited	14.36	34,015,928	17.86	34,015,928
Celica Developers Private Limited	12.43	29,434,455	15.46	29,434,455
International Finance Corporation	9.71	23,000,000	12.08	23,000,000
Indium V (Mauritius) Holdings Limited	8.60	20,355,524	-	-
Lavender Investments Limited	7.96	18,851,431	9.90	18,851,431
LeapFrog Financial Inclusion India Holdings Limited	7.82	18,518,519	-	-
Preference shares (Cumulative non-convertible redeemable)				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	100.00	6,500,999	13.23	6,500,999
Celica Developers Private Limited	-	-	72.33	35,555,556

Employee stock options

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

MESOP 2007

Under MESOP, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors. The options generally vest in a graded manner over a five year period and are exercisable till the grantee remains an employee of the Company. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March 2011, the number of options increased from 1,000,000 to 5,000,000.

(in nos.)

	Year ended 31 March 2016	Year ended 31 March 2015
Outstanding options at the beginning of the year	636,500	1,342,400
Granted during the year	-	20,000
Exercised during the year	106,500	305,900
Lapsed during the year	242,500	420,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**287,500**	636,500
Options vested and exercisable at the end of the year	130,000	96,500

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(₹ in Lacs)

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 till the grantee remains an employee of the Company.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 2,50,000 options under MRSOP 2014 at an exercise price of ₹ 2/- per share to an eligible employee of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

(in nos.)

	Year ended 31 March 2016	Year ended 31 March 2015
Outstanding options at the beginning of the year	600,000	-
Granted during the year	250,000	650,000
Exercised during the year	-	-
Lapsed during the year	180,000	50,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**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 was ₹ 69.20 (2015: ₹ 45.26) using the Black-Scholes model with the following assumptions:

	Units	As at 31 March 2016	As at 31 March 2015
Grant date share price	₹	56.85 - 100.00	50.33 - 100.00
Exercise price	₹	2.00 - 60.00	2.00 - 60.00
Dividend yield	%	0.61 - 1.20	0.61 - 3.03
Expected life	years	4.16 - 4.80	4.30 - 4.80
Risk free interest rate	%	7.78 - 8.57	7.76 - 8.91
Volatility	%	41.83 - 58.13	42.78 - 73.94

Equity shares reserved for issue under options

	No. of shares granted	Exercise price (₹)	As at 31 March 2016 No. of options	As at 31 March 2016 Amount	As at 31 March 2015 No. of options	As at 31 March 2015 Amount
Under MESOP 2007:						
Tranche I	1,754,000	36.00	-	-	14,000	0.28
Tranche II	250,000	60.00	127,500	2.55	152,500	3.05
Tranche III	50,000	60.00	15,000	0.30	35,000	0.70
Tranche V	150,000	60.00	20,000	0.40	65,000	1.30
Tranche VI	50,000	60.00	50,000	1.00	50,000	1.00
Tranche VIII	175,000	60.00	75,000	1.50	175,000	3.50
Tranche IX	125,000	60.00	-	-	125,000	2.50
Tranche X	20,000	60.00	-	-	20,000	0.40
Under MRSOP 2014:						
Tranche I	900,000	2.00	670,000	13.40	600,000	12.00

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

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

Particulars	**Unit**	**Year ended 31 March 2016**	Year ended 31 March 2015
Net profit for equity shareholders	₹ in Lacs	20,622.31	16,895.14
Add: Stock-based employee compensation expense (intrinsic value method)	₹ in Lacs	230.82	3.06
Less: Stock-based employee compensation expense (fair value method)	₹ in Lacs	238.50	4.55
Proforma net profit	₹ in Lacs	20,614.63	16,893.65
Basic earnings per share (Face value: ₹ 2/-) as reported	₹	8.89	8.88
Proforma basic earnings per share (Face value: ₹ 2/-)	₹	8.88	8.88
Diluted earnings per share (Face value: ₹ 2/-) as reported	₹	8.86	8.84
Proforma diluted earnings per share (Face value: ₹ 2/-)	₹	8.85	8.84

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 4		
RESERVES AND SURPLUS		
Capital reserve		
Opening balance	480.22	480.22
	480.22	480.22
Capital reserve on consolidation	-	6,365.96
Capital redemption reserve	**1,421.84**	1,421.84
Securities premium reserve		
Opening balance	80,025.11	79,857.32
Add: On equity shares issued during the year vide preferential issue	49,074.07	-
Add: On equity shares issued on exercise of ESOPs during the year	79.70	167.79
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	-
Less: Share issue expenses	728.74	-
	115,755.70	80,025.11
Employee share option outstanding		
Gross employee share compensation cost for options granted in earlier years	73.87	103.99
Less: Transferred to securities premium reserve on allotment of shares	21.29	33.18
Add: Deferred employee compensation cost	230.82	3.06
	283.40	73.87
Amalgamation reserve account	**106.48**	106.48
Statutory reserve		
(created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	20,290.00	16,790.00
Add: Transfer from surplus in the statement of profit and loss	3,920.00	3,500.00
	24,210.00	20,290.00
Statutory reserve		
(created pursuant to Section 29C of the National Housing Bank Act, 1987)		
Opening balance	683.07	343.07
Add: Transfer from surplus in the statement of profit and loss	900.00	340.00
	1,583.07	683.07
General reserve		
Opening balance	9,510.00	8,100.00
Add: Transfer from surplus in the statement of profit and loss	1,880.00	1,502.40
Less: Transferred to depreciation reserve	-	92.40
	11,390.00	9,510.00
Surplus (balance in the statement of profit and loss)		
Opening balance	42,725.31	33,006.11
Impact of pre-acquisition surplus on change of share holding in Magma HDI General Insurance Company Limited	1,239.67	-
Profit for the year	21,137.71	18,066.74
Amount available for appropriations	**65,102.69**	51,072.85
Appropriations		
Proposed dividend on preference shares	428.23	973.52
Tax on proposed preference dividend as above	87.17	198.08
Proposed dividend on equity shares*	2,265.36	1,523.41
Tax on proposed equity dividend as above*	461.18	310.13
Transfer to statutory reserve (as per Reserve Bank of India Act, 1934)	3,920.00	3,500.00
Transfer to statutory reserve (as per National Housing Bank Act, 1987)	900.00	340.00
Transfer to general reserve	1,880.00	1,502.40
	55,160.75	42,725.31
	210,391.46	161,681.86

* includes dividend on equity shares allotted post 31 March 2016 and tax thereon.

(₹ in Lacs)

	Security as per	As at 31 March 2016	As at 31 March 2015
Note: 5			
LONG-TERM BORROWINGS			
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	59,000.00	99,050.00
		59,000.00	99,050.00
Unsecured			
Subordinated non-convertible perpetual debentures		11,250.00	10,550.00
Subordinated redeemable non-convertible debentures		77,430.00	77,930.00
		88,680.00	88,480.00
Term loan			
Secured *			
from banks	(b) and (c)	169,205.55	140,284.90
from others (financial institutions)	(b) and (c)	13,726.31	26,965.73
		182,931.86	167,250.63
Unsecured			
from others		700.41	2,081.48
		700.41	2,081.48
Share of borrowings of joint venture		3.90	-
		331,316.17	356,862.11

* Aggregate of loans guaranteed by Director (including current maturities)		1,329.40	1,862.30

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, (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.

(b) Term loans from banks / financial institutions are secured by 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

Secured redeemable non-convertible debentures

Maturity schedule	Rate of interest*	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities
> 5 Years	10.00% - 10.10%	3,000.00	-	2,000.00	-
3 - 5 Years	10.00%	3,500.00	-	7,500.00	-
1 - 3 Years	9.63 % - 10.80%	52,500.00	-	89,550.00	-
0 - 1 Years	9.50 % - 11.50%	-	61,730.00	-	71,460.00
		59,000.00	**61,730.00**	99,050.00	71,460.00

Unsecured subordinated non-convertible perpetual debentures

Maturity schedule	Rate of interest*	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities
> 5 Years	12.00 % - 12.10%	5,750.00	-	10,550.00	-
3 - 5 Years	12.50 % - 13.75%	5,500.00	-	-	-
		11,250.00	-	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.

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(₹ in Lacs)

Unsecured subordinated redeemable non-convertible debentures

Maturity schedule	Rate of interest*	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities
> 5 Years	10.70 % - 11.50%	32,700.00	-	32,700.00	-
3 - 5 Years	11.00%	13,000.00	-	34,030.00	-
1 - 3 Years	11.20% - 12.00%	31,730.00	-	11,200.00	-
0 - 1 Years	11.50%	-	500.00	-	17,920.00
		77,430.00	**500.00**	77,930.00	17,920.00

Terms of repayment of term loans

Repayment terms	Interest terms	Repayable at	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities
Secured						
Monthly	Fixed	Par	63.94	34.45	34.30	18.90
Monthly	Floating	Par	2,737.86	3,650.79	6,388.65	8,316.84
Quarterly	Fixed	Par	796.50	532.90	1,329.40	532.90
Quarterly	Floating	Par	171,301.75	82,225.87	147,355.42	71,413.86
Half yearly	Floating	Par	8,035.71	4,107.12	12,142.86	2,857.14
			182,935.76	**90,551.13**	167,250.63	83,139.64
Unsecured						
Monthly	Fixed	Par	700.41	-	2,081.48	-
			700.41	-	2,081.48	-

The above term loans carry interest rates ranging from 9.85 % p.a. to 12.25 % p.a.

* Interest rate as at 31 March 2016

Above current maturities has been disclosed under "Other current liabilities" [Note 10]

	As at 31 March 2016	As at 31 March 2015
Note: 6		
DEFERRED TAX ASSETS / LIABILITIES (net)		
Deferred tax assets		
Contingent provision against standard assets	1,418.92	1,380.86
Provision for non-performing assets	10,949.21	6,880.84
Others	424.33	434.28
	12,792.46	8,695.98
Deferred tax liabilities		
Fixed assets	2,677.91	2,463.56
Unamortised expenses (net)	5,746.15	6,943.90
Others	897.23	563.63
	9,321.29	9,971.09
Share of deferred tax assets of joint venture	408.98	563.10
	3,880.15	(712.01)

	As at 31 March 2016	As at 31 March 2015
Note: 7		
LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	132.16	87.62
Provision for compensated absences	821.28	832.11
Other provisions		
Provision for non-performing assets	31,305.78	19,670.21
Contingent provision against standard assets	2,660.00	2,670.00
	34,919.22	23,259.94

(₹ in Lacs)

	Security as per	As at 31 March 2016	As at 31 March 2015
Note: 8			
SHORT-TERM BORROWINGS			
Term loan			
Secured			
from banks	(a)	7,500.00	10,000.00
		7,500.00	10,000.00
Commercial papers			
Unsecured			
Face value		75,600.00	85,000.00
Less: Unmatured discounting charges		1,728.42	854.93
		73,871.58	84,145.07
Loans from banks			
Secured			
Cash credit facilities	(b)	256,084.00	167,809.88
Working capital demand loans	(b)	363,000.00	370,999.74
		619,084.00	538,809.62
		700,455.58	632,954.69

Terms of repayment of term loans

Repayment terms	Interest terms	Repayable at	Rate of Interest	As at 31 March 2016	As at 31 March 2015
Secured					
Half yearly	Floating	Par	10.85%	7,500.00	10,000.00
				7,500.00	10,000.00

Details of unsecured commercial papers

Number of units	Face value (₹ in Lacs)	Interest terms	As at 31 March 2016	As at 31 March 2015
15,120	5	Fixed	73,871.58	84,145.07
			73,871.58	84,145.07

The above commercial papers carry interest rates ranging from 8.95 % p.a. to 11.00 % p.a. with maturity ranging from 1 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 from 9.25 % p.a. to 12.25% p.a. Working capital demand loans are repayable on demand and carry interest rates ranging from 9.55% p.a. to 10.45% p.a. As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

Nature of security

(a) Term loans from Banks are secured by way of hypothecation on the Company's book debts and loan instalments receivable therefrom.

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

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 9		
TRADE PAYABLES		
Due to micro and small enterprises*	-	-
Due to others	18,320.97	21,954.25
	18,320.97	21,954.25
Share of joint venture	14.10	585.93
	18,335.07	22,540.18

* 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 2016 and 31 March 2015. 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.

	As at 31 March 2016	As at 31 March 2015
Note: 10		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings [Note 5]	152,781.13	172,519.64
Interest accrued but not due on borrowings	11,945.36	12,992.36
Unpaid dividend #	28.54	24.50
Unclaimed matured deposits and interest accrued thereon *	0.13	0.26
Other liabilities		
Temporary book overdraft	4,362.75	9,077.56
Advances and deposits from customers	8,369.22	7,812.18
Statutory liabilities	851.75	922.27
Director's commission payable	160.00	150.00
Pending remittance on assignment	25,698.45	31,845.87
Other payables	6,625.10	5,844.82
	210,822.43	241,189.46
Share of joint venture	22,786.00	15,535.24
	233,608.43	256,724.70

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

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile 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.

	As at 31 March 2016	As at 31 March 2015
Note: 11		
SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	0.89	1.29
Provision for compensated absences	83.89	74.95
Other provisions		
Contingent provision against standard assets	1,440.00	1,320.00
Proposed dividend (including tax thereon)	2,788.58	3,001.64
Provision for taxation	1,435.57	12.51
Provision for contingent expenses	55.50	55.50
	5,804.43	4,465.89
Share of joint venture	7,254.54	7,999.31
	13,058.97	12,465.20

Notes to the consolidated financial statements (continued)

Note: 12

FIXED ASSETS

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

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Notes to the consolidated financial statements (continued)

Note: 12

FIXED ASSETS

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

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2014	Additions	Deletions	As at 31 March 2015	As at 1 April 2014	For the year	Deletions	As at 31 March 2015	As at 31 March 2015
Tangible assets									
Fixed assets for own use									
Land	30.26	-	-	30.26	-	-	-	-	30.26
Buildings *	3,461.60	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 software	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

* 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 1 April 2014.

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(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 13		
NON-CURRENT INVESTMENTS		
Other investment (at cost)		
Investment in equity shares*		
Quoted (Fully paid-up of ₹ 10/- each)	1.12	8.31
Unquoted (Fully paid-up of ₹ 10/- each)		
In others	422.04	450.43
Investment in Government securities		
Unquoted (₹ 0.16 lac pledged with sales tax authorities)	0.16	0.16
Others		
In pass through certificates **	2,881.78	5,724.63
	3,305.10	6,183.53
Aggregate provision for diminution in value of investments	(1.05)	(35.58)
	3,304.05	6,147.95
Share of joint venture	29,111.12	24,648.56
	32,415.17	30,796.51
Aggregate book value of quoted investments	1.12	8.31
Aggregate market value of quoted investments	0.33	5.55
Aggregate book value of unquoted investments	3,303.98	6,175.22

* 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.

** 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 ₹ 3,266.60 lacs (2015: ₹ 8,111.84 lacs).

	As at 31 March 2016	As at 31 March 2015
Note: 14		
LONG-TERM LOANS AND ADVANCES		
Assets on finance#		
Secured, considered good*	812,038.99	813,772.18
Secured, considered doubtful*	55,627.39	30,312.71
Unsecured, considered good	81,876.88	65,880.02
	949,543.26	909,964.91
Others		
Unsecured, considered good		
Capital advances	12.36	20.26
Loans to staff	126.98	123.82
Loans and advances to related parties	169.34	179.60
Tax advances and deduction at source	271.69	1,125.63
Security deposits	853.27	828.53
	1,433.64	2,277.84
Unsecured, considered doubtful		
Other loans and advances		
Advances recoverable in cash or kind or for value to be received	332.00	212.00
Less: Provision against loans and advances	332.00	212.00
	-	-
Share of joint venture	102.58	48.94
	951,079.48	912,291.69

Assets on finance is net of amounts securitised/assigned aggregating to ₹ 4,08,431.81 lacs as at 31 March 2015 (2015: ₹ 6,29,346.58 lacs).

* Secured by underlying assets financed

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 15		
OTHER NON-CURRENT ASSETS		
Others		
Non-current bank balances *	2,023.21	945.27
Unamortised borrowings costs	1,247.03	1,776.39
Unamortised loan origination costs (net)	6,958.54	8,506.73
Gratuity (excess of plan assets over obligation)	303.05	273.77
	10,531.83	11,502.16
Share of joint venture	2,960.01	2,111.19
	13,491.84	13,613.35

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 312.28 lacs (2015: ₹ 299.76 lacs) and as cash collateral for securitisation / direct assignments of receivables amounts to ₹ 1633.26 lacs (2015: ₹ 645.51 lacs).

	As at 31 March 2016	As at 31 March 2015
Note: 16		
CURRENT INVESTMENTS		
Other investment		
Investment in mutual funds (valued at lower of cost and fair value)		
Quoted	2.09	2.89
Others (at cost)		
In Pass through certificates * [Note 13]	3,266.60	8,111.84
	3,268.69	8,114.73
Share of joint venture	4,283.93	2,467.01
	7,552.62	10,581.74
Aggregate book value of quoted investments	2.09	2.89
Aggregate market value of quoted investments	2.72	3.48
Aggregate book value of unquoted investments	3,266.60	8,111.84

* 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.

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(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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	483.66	754.87
	705.33	754.87

	As at 31 March 2016	As at 31 March 2015
Note: 18		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	6,420.91	5,690.14
Balances with banks		
In current and cash credit accounts	13,867.81	18,005.64
In deposits with original maturity of 3 months or less	1,530.36	150.38
Share of joint venture of cash and cash equivalents	482.99	413.61
	22,302.07	24,259.77
Other bank balances *		
In unpaid dividend account	28.54	24.50
In deposits with original maturity of 3 months or less	-	6,029.71
In deposits with original maturity of more than 3 months to 12 months	13,781.86	24,311.19
Current maturities of deposits with original maturity of more than 12 months	4,192.00	7,667.55
Share of joint venture of other bank balances	533.99	390.34
	18,536.39	38,423.29
	40,838.46	62,683.06

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 1,842.73 lacs (2015: ₹ 2,684.74 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 14,439.46 lacs (2015: ₹ 30,575.98 lacs). Fixed deposits accounts with more than twelve months maturity amounting to ₹ 2,023.21 lacs (2015: ₹ 945.27 lacs) included under 'Other non-current assets' [Note 15].

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(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 19		
SHORT-TERM LOANS AND ADVANCES		
Asset on finance		
Secured, considered good*	363,780.66	345,586.32
Unsecured, considered good	92,081.24	69,590.77
	455,861.90	415,177.09
Others		
Unsecured, considered good		
Loan and advances to related parties	743.85	536.53
Other loans and advances		
Loans to staff	282.69	289.07
Advances recoverable in cash or kind or for value to be received	2,682.77	3,973.41
Prepaid expenses	770.59	650.65
Margin with body corporate	-	78.87
Balances with statutory / government authorities	1,284.14	1,788.16
	5,764.04	7,316.69
	461,625.94	422,493.78
Share of joint venture	567.83	335.19
	462,193.77	422,828.97

* Secured by underlying assets financed

	As at 31 March 2016	As at 31 March 2015
Note: 20		
OTHER CURRENT ASSETS		
Others		
Accrued interest / financial charges	1,844.37	1,694.77
Unamortised borrowings costs	1,244.89	1,612.26
Unamortised loan origination costs (net)	7,079.59	8,114.80
Others	190.43	16.88
	10,359.28	11,438.71
Share of joint venture	1,953.07	1,202.93
	12,312.35	12,641.64

(₹ in Lacs)

	Year Ended 31 March 2016	Year Ended 31 March 2015
Note: 21		
REVENUE FROM OPERATIONS		
Interest / finance income		
On assets on finance	227,445.74	203,062.99
On securitisation and assignment of loans	1,988.47	11,523.33
On pass through certificates	408.76	970.86
On fixed deposits	2,469.56	4,019.42
On loans and margins	926.37	1,394.46
	233,238.90	220,971.06
Other financial income		
Lease rentals	1,325.84	529.71
Collection and support services	3,786.84	8,014.50
Foreclosure charges	3,935.80	2,793.92
Income on non-convertible debenture	2,199.99	-
Others	2,570.44	2,510.09
	13,818.91	13,848.22
Share of joint venture	719.53	658.65
	247,777.34	235,477.93

	Year Ended 31 March 2016	Year Ended 31 March 2015
Note: 22		
OPERATING RESULT FROM GENERAL INSURANCE BUSINESS		
Premium income		
Premiums earned (net)	14,799.67	15,012.38
Profit / (loss) on sale / redemption of investments (net)	197.49	612.49
Interest, dividend and rent (gross)	2,174.21	1,615.36
Others	16.64	10.41
	17,188.01	17,250.64
Operating expense		
Claims incurred (net)	12,632.01	12,599.68
Commission (net)	44.48	280.15
Contribution to solatium fund	6.32	6.49
Operating expenses related to insurance business	4,999.60	4,479.17
Premium deficiency	63.40	-
	17,745.81	17,365.49
	(557.80)	(114.85)

	Year Ended 31 March 2016	Year Ended 31 March 2015
Note: 23		
OTHER INCOME		
Sale of power	1,034.07	1,043.76
Insurance commission	626.76	703.30
Gain on sale of investments (net)	5.27	0.47
Rental income	2.63	2.67
Excess provision on investment written back	34.53	-
Bad debt recoveries	1,530.72	1,243.80
Miscellaneous income	118.62	11.71
	3,352.60	3,005.71
Share of joint venture	60.94	229.17
	3,413.54	3,234.88

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(₹ in Lacs)

	Year Ended 31 March 2016	Year Ended 31 March 2015
Note: 24		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	29,048.19	33,628.18
Contribution to provident and other funds	1,318.32	1,458.44
Employee share based compensation expense	230.82	3.06
Staff welfare expenses	1,124.37	1,092.31
	31,721.70	36,181.99

	Year Ended 31 March 2016	Year Ended 31 March 2015
Note: 25		
FINANCE COSTS		
Interest expense		
On debentures	26,492.82	32,996.88
On term loans	26,432.79	25,064.56
On cash credit and working capital facilities	43,902.55	43,273.94
On others	352.91	301.55
Discount on commercial papers	17,452.70	16,751.11
Other borrowing costs	4,502.70	4,947.85
Mark-to-market (profit) / loss on derivative contracts	23.10	(42.32)
	119,159.57	123,293.57

	Year Ended 31 March 2016	Year Ended 31 March 2015
Note: 26		
PROVISIONS AND BAD DEBTS WRITTEN-OFF		
Bad debts written-off	25,752.03	16,957.01
Provision for non-performing assets	11,635.57	6,899.41
Contingent provision against standard assets	110.00	580.00
	37,497.60	24,436.42

	Year Ended 31 March 2016	Year Ended 31 March 2015
Note: 27		
OTHER EXPENSES		
Rent	1,802.94	1,783.15
Brokerage and commission	12,255.73	12,937.12
Rates and taxes	79.94	49.49
Insurance	102.98	94.39
Advertisement and publicity	389.30	520.99
Travelling and conveyance	2,588.21	2,748.57
Repairs and maintenance		
- machinery	241.98	222.10
- others	1,187.20	945.78
Payment to Directors		
- fees	15.43	14.43
- commission	170.50	143.35
Professional fees	1,948.51	2,019.74
Legal charges	1,855.52	1,568.46
Printing and stationery	584.89	631.80
Communication	1,398.47	1,325.30
Electricity charges	656.33	691.33
Corporate social responsibility expenditure	355.71	30.95
Loss on sale of fixed assets (net)	2.30	52.53
Miscellaneous expenses	2,034.82	3,045.34
	27,670.76	28,824.82
Share of joint venture	52.80	55.24
	27,723.56	28,880.06

(₹ in Lacs)

Note:

28 Segment reporting

The Group is organised into following reportable segments referred to in Accounting Standard (AS - 17) "Segment Reporting":

(a) Primary segment: Business segment

	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	**1,505,583.66**	**39,379.41**	**7,352.01**	**1,552,315.08**
	(1,450,177.96)	(30,518.33)	(7,551.69)	(1,488,247.98)
Segment liabilities	**1,299,975.96**	**30,363.93**	**1,353.55**	**1,331,693.44**
	(1,279,824.66)	(23,816.12)	(1,878.05)	(1,305,518.83)
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 *(other than depreciation)*	**11,999.49**	**-**	**-**	**11,999.49**
	(7,437.09)	(-)	(-)	(7,437.09)

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 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 ₹ 29.17 lacs (2015: ₹ 163.90 lacs). Future minimum lease payments under non-cancellable operating lease is as below:

Particulars	**As at 31 March 2016**	As at 31 March 2015
Not later than one year	43.26	70.72
Later than one year but not later than five years	123.01	175.16
Later than five years	42.15	128.44

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year amounts to ₹ 1,956.45 lacs (2015: ₹ 1,787.11 lacs) [share of joint venture ₹ 41.69 lacs (2015: ₹ 35.59 lacs)].

30 Earnings per share (EPS)

The computation of EPS is set out below:

Particulars	**Units**	**Year ended 31 March 2016**	Year ended 31 March 2015
Basic & Diluted			
a) (i) Weighted average number of equity shares (Face value of ₹ 2/- per share) for basic EPS	Nos.	232,096,351	190,289,119
(ii) Weighted average number of equity shares for diluted EPS [after considering 7.43 lacs shares (2015: 8.68 lacs shares) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	232,839,048	191,157,516
b) Net profit after tax	₹ in Lacs	21,137.71	18,066.74
c) Less : Preference dividend including tax thereon	₹ in Lacs	515.40	1,171.60
d) (i) Net profit for equity shareholders for basic EPS	₹ in Lacs	20,622.31	16,895.14
(ii) Net profit for equity shareholders for diluted EPS	₹ in Lacs	20,622.31	16,895.14
e) (i) Earnings per share (Face value of ₹ 2/- per share) – basic	₹	8.89	8.88
(ii) Earnings per share (Face value of ₹ 2/- per share) – diluted	₹	8.86	8.84

Note: (₹ in Lacs)

31 Related party disclosures

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)

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	-

Note:

(₹ 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.

Note: (₹ in Lacs)

32 Employee benefits

Gratuity benefit plan

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

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Opening defined benefit obligation	1,405.47	1,011.18
Obligation received from previous employer	-	20.66
Current service cost	234.83	210.34
Interest cost	100.96	84.19
Actuarial losses /(gains)	8.34	254.86
Benefits paid	(252.53)	(175.76)
Closing defined benefit obligation	**1,497.07**	1,405.47
Share of joint venture	**45.84**	31.61

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Opening fair value of the plan assets	1,590.33	1,346.06
Expected return on plan assets	123.64	128.02
Contributions by employer	189.84	294.46
Actuarial (losses) / gains	-	(5.26)
Benefits paid	(236.74)	(172.95)
Closing fair value of the plan assets	**1,667.07**	1,590.33
Share of joint venture	**58.80**	33.78

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

Particulars	As at 31 March 2016	As at 31 March 2015
Defined benefit obligation	(1,497.07)	(1,405.47)
Fair value of plan assets	1,667.07	1,590.33
Net asset	**170.00**	184.86
Share of joint venture	**12.96**	2.17

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Current service cost	234.83	210.34
Interest on defined benefit obligation	100.96	84.19
Net actuarial losses / (gains) recognised	8.34	260.39
Expected return on plan assets	(123.64)	(128.29)
Net expense included in "Employee benefits expenses"	**220.49**	426.63
Share of joint venture	**9.20**	13.26

(e) Summary of actuarial assumptions*

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Discount rate	7.87%	7.89%
Salary increase	5.00%	5.00%
Withdrawal Rate	4.20%	4.20%

*includes assumptions for joint venture entity

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

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

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

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(₹ in Lacs)

Note:

(i) **Experience adjustments***

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.

Share of joint venture**

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.

33 Cash flow statement

Due to the different methods of computing cash flows adopted by one of the joint venture carrying on the business of insurance, which is mandated by the Insurance Regulatory and Development Authority, consolidated cash flows for the year could be better viewed when summarised as follows:

	Year Ended 31 March 2016	Year Ended 31 March 2015
From operating activities	73,281.47	(30,475.17)
From investing activities	(25,412.58)	(3,604.06)
From financing activities	(49,826.59)	17,136.00
Net increase / (decrease) in cash and cash equivalents	(1,957.70)	(16,943.23)
Cash and cash equivalents as at the beginning of the year	24,259.77	41,203.00
Cash and cash equivalents as at the end of the year	22,302.07	24,259.77

34 Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities

	As at 31 March 2016	As at 31 March 2015
1 Claims against the Company not acknowledged as debt		
(i) Income tax matters under dispute	319.86	16.74
(ii) VAT matters under dispute	242.33	191.16
(iii) Service tax matters under dispute	115.00	115.00
(iv) Legal cases against the company *	329.43	185.34
2 Guarantees		
(i) Unexpired bank guarantee	24,549.84	43,924.68

* 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

	As at 31 March 2016	As at 31 March 2015
1 Estimated amount of contracts remaining to be executed on capital account and not provided for [share of joint venture ₹ Nil (2015: ₹ 31.39 lacs)]	582.89	454.90
2 Redemption of preference shares (including premium)	1,300.20	9,950.40
3 Undisbursed housing / other loans	10,309.83	9,328.79

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

Note: (₹ in Lacs)

35 (a) **Movement of provision for non-performing assets**

	As at 31 March 2016	As at 31 March 2015
Provision for non-performing assets		
Balance as per last financial statements	19,670.21	12,770.80
Add: Provision made during the year (net)	11,635.57	6,899.41
	31,305.78	19,670.21

(b) The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 4,662.49 lacs (2015: ₹ 9,982.38 lacs) as compared to the RBI requirement.

36 Insurance disclosure

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.

37 Derivative transaction

The Company has recognised loss of ₹ 23.10 lacs (2015: ₹ gain 42.32 lacs) relating to derivative financial instrument. The Company does not have any unhedged foreign currency exposure.

38 Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) is given below:

(a) Financial information of subsidiaries (including step-down subsidiary) for the year ended 31 March 2016:

	Magma Advisory Services Limited	Magma Housing Finance	Magma ITL Finance Limited
Share capital	5,666.67	14,810.25	4,500.00
Reserves and surplus	16,343.10	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%

(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		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

The Company did not have any associate companies in the current year.

* Extent of holding includes investment held through Jaguar Advisory Services Private Limited.

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Lodha Excelus,
Chartered Accountants

Note: (₹ in Lacs)

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.

	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	4,626.12	3,701.13
Reserves and surplus	6,765.91	5,376.60
Fair value change account	1.78	1.34
Non-current liabilities		
Long-term borrowings	3.90	-
Current liabilities		
Trade payables	14.10	599.87
Other current liabilities	23,093.27	15,780.16
Short-term provisions	7,254.54	7,999.31
ASSETS		
Non-current assets		
Fixed assets	255.09	177.51
Non-current investment	30,211.15	25,748.59
Deferred tax assets (net)	408.98	563.10
Long-term loans and advances	102.58	48.94
Other non-current assets	2,960.01	2,111.19
Current assets		
Current investment	4,283.93	2,467.01
Cash and bank balances	1,016.98	803.95
Short-term loans and advances	567.83	335.19
Other current assets	1,953.07	1,202.93

	Year Ended 31 March 2016	Year Ended 31 March 2015
REVENUE		
Revenue from operations	719.53	658.65
Operating result from general insurance business	(963.94)	(511.87)
Other income	60.94	229.17
EXPENSE		
Other expenses	52.80	55.24

40 **(a) Disclosure required under Schedule III of Companies Act, 2013**

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
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**

(b) 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.

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

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

Note: (₹ in Lacs)

41 Previous year's figure

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Akeel Master
Partner
Membership No. 046768
Mumbai, 12 May 2016

Atul Bansal
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

B S R & Co. LLP
Chartered Accountants

Godrej Waterside, Unit No. 603 & 604
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Sector V, Salt Lake, Kolkata - 700091

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Independent Auditors' Report

To the Members of Magma Fincorp Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Magma Fincorp Limited ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

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

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

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

Magma Fincorp Limited
Independent Auditors' Report (continued)

Auditors' Responsibility (continued)

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

Magma Fincorp Limited
Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

(e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate Report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statement – Refer note 30(a) to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer note 30(c) to the standalone financial statements; and

iii. There has been no delay in transferring amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date: 12 May 2016

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report

The Annexure referred to in the Independent Auditor's Report to the members of Magma Fincorp Limited ("the Company") on the standalone financial statements for the year ended 31 March 2016:

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets during the year.

b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of the physical verification is reasonable having regards to the size of the Company and the nature of its assets.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except for three cases. The gross block and the net block as at 31 March 2016 of those immovable properties whose title deeds are not in the name of the Company are Rs. 1,818.00 lacs and Rs. 1,291.12 lacs respectively.

(ii) The Company is a Non-Banking Finance Company ("NBFC"), primarily engaged in the business of asset financing. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) The Company has granted loans to one company covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").

a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the company listed in the register maintained under Section 189 of the Act, was not, prima facie, prejudicial to the interest of the Company.

b) In the case of the loans granted to the company listed in the register maintained under Section 189 of the Act, the borrower has been regular in the payment of the principal and interest as stipulated.

c) There is no overdue amount of the loan granted to the company listed in the register maintained under Section 189 of the Act.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loans, guarantees and securities covered under Section 185 of the Act. The Company has complied with Section 186(1) of the Act in relation to investments made by the Company. The remaining provisions related to Section 186 of the Act do not apply to the Company as it is an NBFC.

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report (continued)

(v) The Company has not accepted any deposits from the public, except for deposits taken over by way of merger in the year ended 31 March 2007. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions under Section 73 to Section 76 of Companies Act, 2013, the rules framed there under and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public. Accordingly, there has been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of sale of power generated from windmills and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records. The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Companies Act, 2013, for any of the other services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, value added tax, employees' state insurance, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for delays ranging from 1 day to 91 days with respect to deposit of professional tax with appropriate authorities due to pending registrations. This was subsequently regularized during the year ended 31 March 2016, except for one branch. As explained to us, the Company did not have any dues on account sales tax, customs duty, excise duty.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax, employees' state insurance, cess and other material statutory dues were in arrears, as at 31 March 2016, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of sales tax, customs duty, excise duty.

b) According to the information and explanations given to us there are no material dues of cess and other material statutory dues which have not been deposited by the Company with the appropriate authorities on account of any disputes. However, according to the information and explanations given to us, the following dues of income tax, service tax and value added tax, have not been deposited by the Company on account of disputes:

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report (continued)

Name of the Statute	Nature of Dues	Amount (Rs. Lacs)	Paid under Protest Amount (Rs. Lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3327.45	-	2013-14	Commissioner of Income Tax (Appeals), Kolkata
Finance Act , 1994	Service Tax	207.00	93.00	2002-2003 to 2006-2007	CESTAT, EZB, Kolkata
West Bengal Value Added Tax Act, 2003	VAT	13.72	6.86	2008-2009	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT	14.53	7.21	2009-2010	West Bengal Commercial Taxes Appellate and Revisional Board
Rajasthan Value Added Tax Act, 2003	VAT	42.60	18.46	2006-2007 to 2012-2013 (till July 2012)	Tax Board, Rajasthan
Rajasthan Value Added Tax Act, 2003	VAT	2.85	1.05	2013-14 to 2014-15 (till December 2014)	Deputy Commissioner Appeal, Rajasthan
Jharkhand Value Added Tax Act, 2005	VAT	21.57	2.15	2006-2007 to 2009-2010	Sales Tax Tribunal, Jharkhand, Ranchi
Madhya Pradesh Value Added Tax Act, 2002	VAT	133.75	-	2008-2009 to 2009-2010	Madhya Pradesh High Court, Jabalpur
Orissa Value Added Tax, 2004	VAT	68.89	11.48	2006- 2007 to 30 September 2012	Sales Tax Tribunal, Orissa
Delhi Value Added Tax	VAT	16.26	-	2012-13	Sales Tax Tribunal, Delhi
Delhi Value Added Tax	VAT	33.11	-	2013-14	Sales Tax Tribunal, Delhi
Uttar Pradesh Value Added Tax	VAT	2,176.00	-	2013-14	Deputy Commissioner Appeal, Uttar Pradesh

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report (continued)

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or to debenture holders during the year. The Company did not have any borrowings from the government during the year.

(ix) In our opinion and according to the information and explanations given to us, the term loans and debentures were applied for the purpose for which the same were obtained. The Company has not raised any money by way of initial public offer during the year.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(xiv) The Company has made preferential allotment of shares during the year as per Section 42 of the Act. According to the information and explanations given to us and based on our examination of the records of the Company, the amounts raised have been used for the purpose for which the funds were raised. The Company has not made any private placement of fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the director or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order, 2016 is not applicable.

Magma Fincorp Limited

Annexure A to the Independent Auditors' Report (continued)

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company on 23 September 2008.

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date: 12 May 2016

Magma Fincorp Limited

Annexure B to the Independent Auditors' Report

The Annexure referred to in the Independent Auditor's Report to the members of Magma Fincorp Limited ("the Company") on the standalone financial statements for the year ended 31 March 2016:

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

We have audited the internal financial controls over financial reporting of Magma Fincorp Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Magma Fincorp Limited

Annexure B to the Independent Auditors' Report (continued)

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date: 12 May 2016

Balance Sheet

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Note No.	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,036.77	13,508.92
Reserves and surplus	4	198,404.64	134,546.62
		204,441.41	148,055.54
Non-current liabilities			
Long-term borrowings	5	260,363.35	288,173.32
Deferred tax liabilities (net)	6	-	1,465.41
Long-term provisions	7	29,144.31	19,794.61
		289,507.66	309,433.34
Current liabilities			
Short-term borrowings	8	595,411.83	544,405.49
Trade payables	9		
- Due to micro and small enterprises		-	-
- Due to others		16,083.37	19,891.13
Other current liabilities	10	179,857.39	205,134.19
Short-term provisions	11	5,580.29	4,254.99
		796,932.88	773,685.80
Total		**1,290,881.95**	1,231,174.68
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	17,365.65	17,193.91
- Intangible assets	12	2,786.92	2,341.35
- Capital work-in-progress		1,186.45	805.67
		21,339.02	20,340.93
Non-current investments	13	43,217.58	16,944.65
Deferred tax assets (net)	6	2,762.87	-
Long-term loans and advances	14		
- Assets on finance		739,607.90	717,715.30
- Others		2,636.02	1,951.61
Other non-current assets	15	8,232.57	9,815.78
		817,795.96	766,768.27
Current assets			
Current investments	16	2,597.22	7,198.08
Trade receivables	17	706.97	752.11
Cash and bank balances	18	36,045.96	56,595.17
Short-term loans and advances	19		
- Assets on finance		420,893.76	384,002.59
- Others		4,729.75	6,564.15
Other current assets	20	8,112.33	9,294.31
		473,085.99	464,406.41
Total		**1,290,881.95**	1,231,174.68
Significant accounting policies	2		
Notes to the financial statements	3 - 44		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 12 May 2016

Mayank Poddar
Chairman

Atul Bansal
Chief Financial Officer

Sanjay Chamria
Vice Chairman & Managing Director

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

Statement of Profit and Loss

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Note no.	Year ended 31 March 2016	Year ended 31 March 2015
REVENUE			
Revenue from operations	21	210,964.03	201,877.45
Other income	22	2,951.52	2,717.80
Total revenue		**213,915.55**	204,595.25
EXPENSE			
Employee benefits expense	23	24,658.18	28,969.74
Finance costs	24	99,808.90	106,144.01
Depreciation and amortisation expense	12	3,934.44	3,451.50
Provisions and bad debts written-off	25	33,736.41	22,255.61
Other expenses	26	25,180.53	26,263.67
Total expense		**187,318.46**	187,084.53
Profit before tax		**26,597.09**	17,510.72
Tax expense:			
Current tax - current year		12,140.00	4,580.00
- earlier year		(29.60)	166.70
Deferred tax		(4,228.28)	(2,142.73)
Profit after tax		**18,714.97**	14,906.75
Earnings per equity share	29		
(Nominal value of ₹ 2/- each fully paid up):			
Basic (in ₹)		7.84	7.22
Diluted (in ₹)		7.82	7.19
Significant accounting policies	2		
Notes to the financial statements	3 - 44		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 12 May 2016

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

Cash Flow Statement

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Year ended 31 March 2016		Year ended 31 March 2015	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		26,597.09		17,510.72
Adjustments for :				
Depreciation and amortisation expense	3,934.44		3,451.50	
Interest expense	81,789.31		88,692.69	
Provision for non-performing assets	9,444.93		6,302.82	
Contingent provision against standard assets	50.00		290.00	
Income on non convertible debenture	(2,199.99)		-	
Gain on sale of investments (net)	(5.08)		-	
Excess provision on investment written back	(34.53)		-	
Loss on sale of fixed assets (net)	2.30		52.53	
Employee share based compensation expense	230.82		3.06	
Discount on commercial papers	14,007.05		13,087.60	
Mark-to-market (profit)/loss on derivative contracts	23.10	107,242.35	(42.32)	111,837.88
Operating cash flow before working capital changes		**133,839.44**		129,348.60
Adjustments for :				
Trade and other receivables	3,520.86		4,959.11	
Assets on finance	(65,603.56)		(128,552.17)	
Other bank balances	17,380.53		7,981.86	
Trade payables and other liabilities	(7,887.90)	(52,590.07)	(1,231.64)	(116,842.84)
Cash from operations		**81,249.37**		12,505.76
Taxes paid (net)		(9,855.90)		(4,172.12)
Net cash from operating activities (A)		**71,393.47**		8,333.64
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital work-in-progress)	(6,068.05)		(5,901.05)	
Proceeds from sale of fixed assets	1,133.22		125.34	
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		-	
Proceeds from sale of non-current investments	6,956.43		7,935.20	
Net cash (used in) / from investing activities (B)		**(24,367.30)**		2,159.49
C. CASH FLOW FROM FINANCING ACTIVITIES				
Payments for redemption of non-convertible preference shares	(8,650.20)		(1,722.04)	
Increase / (decrease) in borrowings (net)*	(3,907.16)		75,836.39	
Proceeds from issue of equity shares including securities premium (net)	49,331.79		140.73	
Interest paid	(83,139.28)		(91,225.49)	
Dividend paid (including tax thereon)	(3,450.53)		(3,103.18)	
Net cash used in financing activities (C)		**(49,815.38)**		(20,073.59)
Net decrease in cash and cash equivalents (A+B+C)		(2,789.21)		(9,580.46)
Cash and cash equivalents as at the beginning of the year		22,998.67		32,579.13
Cash and cash equivalents as at the end of the year		**20,209.46**		22,998.67
CASH AND CASH EQUIVALENTS [Note 18]				
Cash in hand		6,420.70		5,689.50
Balances with banks				
In current and cash credit accounts		12,258.40		17,158.79
In deposit accounts with maturity of less than three months		1,530.36		150.38
		20,209.46		22,998.67

* 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

Akeel Master
Partner
Membership No. 046768
Mumbai, 12 May 2016

Mayank Poddar
Chairman

Atul Bansal
Chief Financial Officer

Sanjay Chamria
Vice Chairman & Managing Director

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

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 principle 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.

Note: 2

(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.

Note: 2

(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.

Note: 2

(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.

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(₹ in Lacs)

		As at 31 March 2016	As at 31 March 2015
Note: 3			
SHARE CAPITAL			
Authorised			
265,000,000	(2015: 265,000,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
54,300,000	(2015: 54,300,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
		59,600.00	59,600.00
Issued, subscribed and paid-up			
Equity share capital			
236,828,672	(2015: 190,425,875) Equity shares of ₹ 2/- each, fully paid up.	4,736.57	3,808.52
Preference share capital			
6,500,999	(2015: 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 ₹ 20/- on redemption of four 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
-	(2015: 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
-	(2015: 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
-	(2015: 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
		6,036.77	13,508.92

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

	As at 31 March 2016		As at 31 March 2015	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Opening balance	190,425,875	3,808.52	190,119,975	3,802.40
Equity shares issued during the year vide preferential issue	46,296,297	925.92	-	-
Equity shares issued on exercise of ESOPs during the year	106,500	2.13	305,900	6.12
Closing balance	**236,828,672**	**4,736.57**	190,425,875	3,808.52
Preference shares (Cumulative non-convertible redeemable)				
Opening balance	13,600,999	9,700.40	15,710,198	11,422.44
6 months US Dollar Libor plus 3.25% preference shares redeemed during the year (20% annually)	-	(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 redeemed during the year	(3,600,000)	(3,600.00)	-	-
9.70% Preference shares redeemed during the year (20% annually)	-	-	(2,109,199)	(421.84)
Closing balance	**6,500,999**	**1,300.20**	13,600,999	9,700.40

(₹ in Lacs)

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)

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	%	No. of shares	%	No. of shares
Equity shares				
Zend Mauritius VC Investments Limited	14.47	34,276,629	14.10	26,854,375
Microfirm Capital Private Limited	14.36	34,015,928	17.86	34,015,928
Celica Developers Private Limited	12.43	29,434,455	15.46	29,434,455
International Finance Corporation	9.71	23,000,000	12.08	23,000,000
Indium V (Mauritius) Holdings Limited	8.60	20,355,524	-	-
Lavender Investments Limited	7.96	18,851,431	9.90	18,851,431
LeapFrog Financial Inclusion India Holdings Limited	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
Andhra Bank	-	-	11.03	1,500,000
United Bank of India	-	-	7.35	1,000,000
International Tractors Limited	-	-	7.35	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 till the grantee remains an employee of the Company. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March 2011, the number of options increased from 1,000,000 to 5,000,000.

(in nos.)

	Year ended 31 March 2016	Year ended 31 March 2015
Outstanding options at the beginning of the year	636,500	1,342,400
Granted during the year	-	20,000
Exercised during the year	106,500	305,900
Lapsed during the year	242,500	420,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**287,500**	636,500
Options vested and exercisable at the end of the year	130,000	96,500

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 till the grantee remains an employee of the Company.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 2,50,000 options under MRSOP 2014 at an exercise price of ₹ 2/- per share to an eligible employee of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

(in nos.)

	Year ended 31 March 2016	Year ended 31 March 2015
Outstanding options at the beginning of the year	600,000	-
Granted during the year	250,000	650,000
Exercised during the year	-	-
Lapsed during the year	180,000	50,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**670,000**	600,000
Options vested and exercisable at the end of the year	-	-

(₹ in Lacs)

The weighted average fair value of each option of Magma Fincorp Limited was ₹ 69.20 (2015: ₹ 45.26) using the Black-Scholes model with the following assumptions:

	Units	As at 31 March 2016	As at 31 March 2015
Grant date share price	₹	56.85 - 100.00	50.33 - 100.00
Exercise price	₹	2.00 - 60.00	2.00 - 60.00
Dividend yield	%	0.61 - 1.20	0.61 - 3.03
Expected life	years	4.16 - 4.80	4.30 - 4.80
Risk free interest rate	%	7.78 - 8.57	7.76 - 8.91
Volatility	%	41.83 - 58.13	42.78 - 73.94

Equity shares reserved for issue under options

	No. of shares granted	Exercise price (₹)	As at 31 March 2016 No. of options	As at 31 March 2016 Amount	As at 31 March 2015 No. of options	As at 31 March 2015 Amount
Under MESOP 2007:						
Tranche I	1,754,000	36.00	-	-	14,000	0.28
Tranche II	250,000	60.00	127,500	2.55	152,500	3.05
Tranche III	50,000	60.00	15,000	0.30	35,000	0.70
Tranche V	150,000	60.00	20,000	0.40	65,000	1.30
Tranche VI	50,000	60.00	50,000	1.00	50,000	1.00
Tranche VIII	175,000	60.00	75,000	1.50	175,000	3.50
Tranche IX	125,000	60.00	-	-	125,000	2.50
Tranche X	20,000	60.00	-	-	20,000	0.40
Under MRSOP 2014:						
Tranche I	900,000	2.00	670,000	13.40	600,000	12.00

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 2016**	Year ended 31 March 2015
Net profit for equity shareholders	₹ in Lacs	18,200.00	13,735.58
Add: Stock-based employee compensation expense (intrinsic value method)	₹ in Lacs	230.82	3.06
Less: Stock-based employee compensation expense (fair value method)	₹ in Lacs	238.50	4.55
Proforma net profit	₹ in Lacs	18,192.32	13,734.09
Basic earnings per share (Face value: ₹ 2/-) as reported	₹	7.84	7.22
Proforma basic earnings per share (Face value: ₹ 2/-)	₹	7.84	7.22
Diluted earnings per share (Face value: ₹ 2/-) as reported	₹	7.82	7.19
Proforma diluted earnings per share (Face value: ₹ 2/-)	₹	7.81	7.18

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 4		
RESERVES AND SURPLUS		
Capital reserve	**457.98**	457.98
Capital redemption reserve	**1,421.84**	1,421.84
Securities premium reserve		
Opening balance	67,580.67	67,412.88
Add: On equity shares issued during the year vide preferential issue	49,074.07	-
Add: On equity shares issued on exercise of ESOPs during the year	79.70	167.79
Less: On preference share redeemed during the year	250.00	-
Less: Share issue expenses	728.74	-
	115,755.70	67,580.67
Employee share option outstanding		
Gross employee share compensation cost for options granted in earlier years	73.87	103.99
Less: Transferred to securities premium reserve on allotment of shares	21.29	33.18
Add: Deferred employee compensation cost	230.82	3.06
	283.40	73.87
Amalgamation reserve account	**106.48**	106.48
Statutory reserve		
(created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	18,110.00	15,120.00
Add: Transfer from surplus in the statement of profit and loss	3,750.00	2,990.00
	21,860.00	18,110.00
General reserve		
Opening balance	9,510.00	8,100.00
Add: Transfer from surplus in the statement of profit and loss	1,880.00	1,502.40
Less: Transferred to depreciation reserve (net of amount transferred to deferred tax liability ₹ Nil (2015: ₹ 47.60 Lacs)) [Note 12]	-	92.40
	11,390.00	9,510.00
Surplus (balance in the statement of profit and loss)		
Opening balance	37,285.78	29,876.14
Profit for the year	18,714.97	14,906.75
Amount available for appropriations	**56,000.75**	44,782.89
Appropriations		
Proposed dividend on preference shares	427.87	973.16
Tax on proposed preference dividend as above	87.10	198.01
Proposed dividend on equity shares*	2,265.36	1,523.41
Tax on proposed equity dividend as above*	461.18	310.13
Transfer to statutory reserve	3,750.00	2,990.00
Transfer to general reserve	1,880.00	1,502.40
	47,129.24	37,285.78
	198,404.64	134,546.62

* includes dividend on equity shares allotted post 31 March 2016 and tax thereon.

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(₹ in Lacs)

	Security as per	As at 31 March 2016	As at 31 March 2015
Note: 5			
LONG-TERM BORROWINGS			
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	48,500.00	79,750.00
		48,500.00	79,750.00
Unsecured			
Subordinated non-convertible perpetual debentures (Tier I capital)		11,250.00	10,550.00
Subordinated redeemable non-convertible debentures (Tier II capital)		77,430.00	77,930.00
		88,680.00	88,480.00
Term loan			
Secured *			
from banks	(b) and (c)	109,457.04	92,977.59
from others (financial institutions)	(b) and (c)	13,726.31	26,965.73
		123,183.35	119,943.32
		260,363.35	288,173.32
* Aggregate of loans guaranteed by Director (including current maturities)		1,329.40	1,862.30

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.

(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

Secured redeemable non-convertible debentures

Maturity schedule	Interest rate range*	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities
1 - 3 Years	9.63 % - 10.80%	48,500.00	-	79,750.00	-
0 - 1 Years	9.50 % - 11.50%	-	55,730.00	-	63,860.00
		48,500.00	**55,730.00**	79,750.00	63,860.00

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

Maturity schedule	Interest rate range*	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities
> 5 Years	12.00 % - 12.10%	5,750.00	-	10,550.00	-
3 - 5 Years	12.50 % - 13.75%	5,500.00	-	-	-
		11,250.00	-	10,550.00	-
Percentage of Tier I Capital		**6.35%**		7.97%	

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

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

Maturity schedule	Interest rate range*	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities
> 5 Years	10.70 % - 11.50%	32,700.00	-	32,700.00	-
3 - 5 Years	11.00%	13,000.00	-	34,030.00	-
1 - 3 Years	11.20% - 12.00%	31,730.00	-	11,200.00	-
0 - 1 Years	11.50%	-	500.00	-	17,920.00
		77,430.00	**500.00**	77,930.00	17,920.00

(₹ in Lacs)

Terms of repayment of term loans

Repayment terms	Interest terms	As at 31 March 2016 Long-term	As at 31 March 2016 Current maturities	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities
Monthly	Fixed	60.04	34.45	34.30	18.90
Monthly	Floating	1,666.43	2,222.22	3,888.65	6,888.27
Quarterly	Fixed	796.50	532.90	1,329.40	532.90
Quarterly	Floating	116,374.67	64,840.10	107,548.11	47,736.08
Half yearly	Floating	4,285.71	2,857.14	7,142.86	2,857.14
		123,183.35	**70,486.81**	119,943.32	58,033.29

The above term loans carry interest rate ranging from 9.85 % p.a. to 12.25 % p.a.

* Interest rate as at 31 March 2016

Above current maturities has been disclosed under "Other current liabilities" [Note 10]

	As at 31 March 2016	As at 31 March 2015
Note: 6		
DEFERRED TAX ASSETS / LIABILITIES (net)		
Deferred tax assets		
Contingent provision against standard assets	1,097.07	1,079.77
Provision for non-performing assets	9,315.71	6,005.48
Others	299.26	305.62
	10,712.04	7,390.87
Deferred tax liabilities		
Fixed assets	2,675.90	2,462.54
Unamortised expenses (net)	5,168.39	6,298.99
Others	104.88	94.75
	7,949.17	8,856.28
	2,762.87	(1,465.41)

	As at 31 March 2016	As at 31 March 2015
Note: 7		
LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	668.52	713.75
Other provisions		
Provision for non-performing assets [Note 35(m)]	26,585.79	17,140.86
Contingent provision against standard assets (Tier II capital)	1,890.00	1,940.00
	29,144.31	19,794.61

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Chartered Accountants

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 8		
SHORT-TERM BORROWINGS		
Commercial papers		
Unsecured		
Face value	59,000.00	50,000.00
Less: Unmatured discounting charges	1,466.41	448.49
	57,533.59	49,551.51
Loans from banks		
Secured*		
Cash credit facilities	205,378.24	144,854.24
Working capital demand loans	332,500.00	349,999.74
	537,878.24	494,853.98
	595,411.83	544,405.49

Details of unsecured commercial papers

Number of units	Face value (₹ in lacs)	Interest terms	As at 31 March 2016	As at 31 March 2015
11,800	5	Fixed	57,533.59	49,551.51
			57,533.59	49,551.51

The above commercial papers carry interest rates ranging from 8.95 % p.a. to 10.00 % p.a. with maturity ranging from 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 from 9.25 % p.a. to 11.80% p.a. Working capital demand loans are repayable on demand and carry interest rates ranging from 9.55% p.a. to 10.00% p.a. As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

*** Nature of security**

Cash credit facilities and working capital demand loans from Banks are secured by way of 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 way of equitable mortgage over immovable property.

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 9		
TRADE PAYABLES		
Due to micro and small enterprises *	-	-
Due to others	16,083.37	19,891.13
	16,083.37	**19,891.13**

* 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 2016 and 31 March 2015. 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.

	As at 31 March 2016	As at 31 March 2015
Note: 10		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings [Note 5]	126,716.81	139,813.29
Interest accrued but not due on borrowings	11,247.08	12,597.05
Unpaid dividend #	28.54	24.50
Unclaimed matured deposits and interest accrued thereon *	0.13	0.26
Other liabilities		
Temporary book overdraft	4,362.75	9,077.56
Advances and deposits from customers	6,868.59	6,655.43
Statutory liabilities	692.45	737.61
Director's commission payable	160.00	150.00
Pending remittance on assignment	23,835.09	30,868.04
Other payables	5,945.95	5,210.45
	179,857.39	**205,134.19**

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

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile 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.

	As at 31 March 2016	As at 31 March 2015
Note: 11		
SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	76.57	73.78
Other provisions		
Contingent provision against standard assets (Tier II capital)	1,280.00	1,180.00
Proposed dividend (including tax thereon)	2,788.15	3,001.21
Provision for taxation [Net of Advance tax aggregating ₹ 10,761.43 lacs (2015: ₹ Nil)]	1,435.57	-
	5,580.29	**4,254.99**

Notes to the financial statements (continued)

Note: 12

FIXED ASSETS

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

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Note: 12 (continued)

FIXED ASSETS

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

(₹ in Lacs)

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

* 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.

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 13		
NON-CURRENT INVESTMENTS		
Other investment (at cost) [Note 42]		
Investment in equity shares		
Quoted (fully paid-up of ₹ 10/- each)	1.12	8.31
Unquoted (fully paid-up of ₹ 10/- each)		
In subsidiaries	9,329.94	9,329.94
In joint ventures	6,302.20	2,602.20
In others	422.04	450.43
Investment in preference shares		
Unquoted (fully paid-up of ₹ 10/- each)		
In subsidiary	24,888.89	-
Investment in government securities		
Unquoted (pledged with sales tax authorities)	0.16	0.16
Others		
In pass through certificates *	2,274.28	4,589.19
	43,218.63	16,980.23
Aggregate provision for diminution in value of investments	(1.05)	(35.58)
	43,217.58	16,944.65
Aggregate book value of quoted investments	1.12	8.31
Aggregate market value of quoted investments	0.33	5.55
Aggregate book value of unquoted investments	43,217.51	16,971.92

* The Company has invested in the pass through certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time. Current portion of PTCs has been included under 'Current Investments' [Note 16] and amounts to ₹ 2,597.22 lacs (2015: ₹ 7,198.08 lacs).

	As at 31 March 2016	As at 31 March 2015
Note: 14		
LONG-TERM LOANS AND ADVANCES		
Assets on finance#		
Secured, considered good*	608,962.07	625,004.85
Secured, considered doubtful*	48,768.95	26,830.43
Unsecured, considered good	81,876.88	65,880.02
	739,607.90	717,715.30
Others		
Unsecured, considered good		
Capital advances	12.36	20.26
Loans to staff	108.87	113.30
Loans and advances to related parties [Note 36]	1,669.34	179.60
Tax advances and deduction at source	-	818.93
[Net of Provision for tax aggregating ₹ Nil (2015: ₹ 4,637.85 lacs)]		
Security deposits	845.45	819.52
	2,636.02	1,951.61
Unsecured, considered doubtful		
Other loans and advances		
Advances recoverable in cash or kind or for value to be received	332.00	212.00
Less: Provision against loans and advances	332.00	212.00
	-	-
	742,243.92	719,666.91

Assets on finance includes sub-standard assets of ₹ 76,304.58 lacs (2015: ₹ 56,174.63 lacs) and is net of amounts securitised / assigned aggregating to ₹ 3,65,056.97 lacs (2015: ₹ 5,88,139.24 lacs).

* Secured by underlying assets financed

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 15		
OTHER NON-CURRENT ASSETS		
Others		
Non-current bank balances*	705.74	326.27
Unamortised borrowings costs	1,134.06	1,595.15
Unamortised loan origination costs (net)	6,089.72	7,620.59
Gratuity (excess of plan assets over obligation) [Note 27]	303.05	273.77
	8,232.57	9,815.78

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 312.28 lacs (2015: ₹ 299.76 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 378.00 lacs (2015: ₹ 26.51 lacs).

	As at 31 March 2016	As at 31 March 2015
Note: 16		
CURRENT INVESTMENTS		
Other investment [Note 42]		
Others (at cost)		
In pass through certificates [Note 13]	2,597.22	7,198.08
	2,597.22	7,198.08
Aggregate book value of unquoted investments	2,597.22	7,198.08

	As at 31 March 2016	As at 31 March 2015
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	485.30	752.11
	706.97	752.11

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(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Note: 18		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	6,420.70	5,689.50
Balances with banks		
In current and cash credit accounts	12,258.40	17,158.79
In deposits with original maturity of 3 months or less	1,530.36	150.38
	20,209.46	22,998.67
Other bank balances *		
In unpaid dividend account	28.54	24.50
In deposits with original maturity of 3 months or less	-	6,029.71
In deposits with original maturity of more than 3 months to 12 months	12,737.98	20,784.37
Current maturities of deposits with original maturity of more than 12 months	3,069.98	6,757.92
	15,836.50	33,596.50
	36,045.96	56,595.17

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 1,800.43 lacs (2015: ₹ 2,591.31 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 12,408.68 lacs (2015: ₹ 30,575.98 lacs). Fixed deposits accounts with more than twelve months maturity amounting to ₹ 705.74 lacs (2015: ₹ 326.27 lacs) included under 'Other Non-Current Assets' [Note 15].

	As at 31 March 2016	As at 31 March 2015
Note: 19		
SHORT-TERM LOANS AND ADVANCES		
Asset on finance		
Secured, considered good*	328,812.52	314,411.82
Unsecured, considered good	92,081.24	69,590.77
	420,893.76	384,002.59
Others		
Unsecured, considered good		
Loan and advances to related parties [Note 36]	580.12	537.25
Other loans and advances		
Loans to staff	205.44	191.45
Advances recoverable in cash or kind or for value to be received	2,054.67	3,546.23
Prepaid expenses	731.16	606.70
Margin with body corporate	-	78.87
Balances with statutory / government authorities	1,158.36	1,603.65
	4,729.75	6,564.15
	425,623.51	390,566.74

* Secured by underlying assets financed

	As at 31 March 2016	As at 31 March 2015
Note: 20		
OTHER CURRENT ASSETS		
Others		
Accrued interest / financial charges	176.48	211.66
Unamortised borrowings costs	989.57	1,253.45
Unamortised loan origination costs (net)	6,760.01	7,813.19
Others	186.27	16.01
	8,112.33	9,294.31

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(₹ in Lacs)

	Year ended 31 March 2016	Year Ended 31 March 2015
Note: 21		
REVENUE FROM OPERATIONS		
Interest / finance income		
On assets on finance	194,601.37	174,300.63
On securitisation and assignment of loans	1,193.74	9,452.65
On pass through certificates	334.67	878.56
On fixed deposits	2,150.73	3,641.24
On loans and margins	924.20	1,731.70
	199,204.71	190,004.78
Other financial income		
Lease rentals	1,325.84	529.71
Collection and support services	3,406.74	7,524.77
Foreclosure charges	3,559.48	2,793.92
Income on non-convertible debenture	2,199.99	-
Others	1,267.27	1,024.27
	11,759.32	11,872.67
	210,964.03	201,877.45

	Year ended 31 March 2016	Year Ended 31 March 2015
Note: 22		
OTHER INCOME		
Sale of power	1,034.07	1,043.76
Insurance commission	1,037.40	1,116.35
Gain on sale of investments (non-current, other than trade) (net)	5.08	-
Rental income	2.63	2.67
Excess provision on investment written back	34.53	-
Bad debt recovered	834.18	553.10
Miscellaneous income	3.63	1.92
	2,951.52	2,717.80

	Year ended 31 March 2016	Year Ended 31 March 2015
Note: 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	22,425.46	26,827.98
Contribution to provident and other funds	1,027.08	1,213.16
Employee share based compensation expense	230.82	3.06
Staff welfare expenses	974.82	925.54
	24,658.18	28,969.74

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(₹ in Lacs)

	Year ended 31 March 2016	Year Ended 31 March 2015
Note: 24		
FINANCE COSTS		
Interest expense		
On debentures	24,362.16	30,941.44
On term loans	17,651.39	16,791.91
On cash credit and working capital facilities	39,764.33	40,942.32
On others	11.43	17.02
Discount on commercial papers	14,007.05	13,087.60
Other borrowing costs	3,989.44	4,406.04
Mark-to-market (profit) / losses on derivative contracts [Note 35(c)]	23.10	(42.32)
	99,808.90	106,144.01

	Year ended 31 March 2016	Year Ended 31 March 2015
Note: 25		
PROVISIONS AND BAD DEBTS WRITTEN-OFF		
Bad debts written-off	24,241.48	15,662.79
Provision for non-performing assets	9,444.93	6,302.82
Contingent provision against standard assets	50.00	290.00
	33,736.41	22,255.61

	Year ended 31 March 2016	Year Ended 31 March 2015
Note: 26		
OTHER EXPENSES		
Rent	1,644.00	1,686.86
Brokerage and commission	11,658.20	12,435.60
Rates and taxes	72.87	44.29
Insurance	107.48	110.42
Advertisement and publicity	351.25	473.37
Travelling and conveyance	2,236.32	2,459.65
Repairs and maintenance		
- machinery	227.10	220.97
- others	1,187.11	942.75
Payment to directors		
- fees	11.50	14.43
- commission	170.50	143.35
Professional fees	1,695.87	1,750.93
Legal charges	1,586.55	1,357.26
Printing and stationery	544.52	568.75
Communication	1,326.97	1,262.25
Electricity charges	608.28	660.74
Corporate social responsibility expenditure [Note 37]	283.99	30.95
Loss on sale of fixed assets (net)	2.30	52.53
Miscellaneous expenses	1,465.72	2,048.57
	25,180.53	26,263.67

(₹ in Lacs)

Note:

27 Employee benefits

Gratuity benefit plan

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

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

Particulars	**Year ended 31 March 2016**	Year ended 31 March 2015
Opening defined benefit obligation	1,277.33	952.71
Current service cost	187.46	179.89
Interest cost	91.54	79.00
Actuarial losses /(gains)	2.06	238.68
Benefits paid	(234.20)	(172.95)
Closing defined benefit obligation	**1,324.19**	1,277.33

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

Particulars	**Year ended 31 March 2016**	Year ended 31 March 2015
Opening fair value of the plan assets	1,551.10	1,309.86
Expected return on plan assets	120.63	125.00
Contributions by employer	189.71	294.45
Actuarial (losses) / gains	-	(5.26)
Benefits paid	(234.20)	(172.95)
Closing fair value of the plan assets	**1,627.24**	1,551.10

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

Particulars	**As at 31 March 2016**	As at 31 March 2015
Defined benefit obligation	(1,324.19)	(1,277.33)
Fair value of plan assets	1,627.24	1,551.10
Net asset	**303.05**	273.77

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

Particulars	**Year ended 31 March 2016**	Year ended 31 March 2015
Current service cost	187.46	179.89
Interest on defined benefit obligation	91.54	79.00
Net actuarial losses / (gains) recognised	2.06	243.94
Expected return on plan assets	(120.63)	(125.00)
Net expense included in "Employee benefits expenses"	**160.43**	**377.83**

(e) Summary of actuarial assumptions

Particulars	**Year ended 31 March 2016**	Year ended 31 March 2015
Discount rate	7.87%	7.89%
Salary increase	5.00%	5.00%
Withdrawal rate	4.20%	4.20%

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

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

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

(i) **Experience adjustments**

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)	43.90	(19.55)

(₹ in Lacs)

Note:

28 Lease transactions in the capacity of Lessee

Lease rental expense under non-cancellable operating lease during the year amounted to ₹ 26.10 lacs (2015: ₹ 159.18 lacs). Future minimum lease payments under non-cancellable operating lease is as below:

Particulars	As at 31 March 2016	As at 31 March 2015
Not later than one year	21.53	24.91
Later than one year but not later than five years	34.78	-
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 ₹ 1,907.46 lacs (2015: ₹ 1,750.38 lacs). Above rental expense includes the cost allocated to the subsidiaries and joint ventures amounting to ₹ 289.56 lacs (2015: ₹ 222.70 lacs).

29 Earnings per share (EPS)

		Particulars	Units	Year ended 31 March 2016	Year ended 31 March 2015
		Basic & Diluted			
(a)	(i)	Weighted average number of equity shares (Face Value of ₹ 2/- per share) for Basic EPS	Nos.	232,096,351	190,289,119
	(ii)	Weighted average number of equity shares for diluted EPS [after considering 7.43 lacs shares (2015: 8.68 lacs) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	232,839,048	191,157,516
(b)		Net profit after tax	₹ in Lacs	18,714.97	14,906.75
(c)		Less : Preference dividend including tax thereon	₹ in Lacs	514.97	1,171.17
(d)	(i)	Net profit for equity shareholders for basic EPS	₹ in Lacs	18,200.00	13,735.58
	(ii)	Net profit for equity shareholders for diluted EPS	₹ in Lacs	18,200.00	13,735.58
(e)	(i)	Earning per share (face value of ₹ 2/- per share) – Basic	₹	7.84	7.22
	(ii)	Earning per share (face value of ₹ 2/- per share) – Diluted	₹	7.82	7.19

30 Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities

Particulars	As at 31 March 2016	As at 31 March 2015
1 **Claims against the Company not acknowledged as debt**		
(i) Income tax matters under dispute	314.29	13.61
(ii) VAT matters under dispute	242.33	191.16
(iii) Service tax matters under dispute	115.00	115.00
(iv) Legal cases against the Company *	325.61	183.29
2 **Guarantees**		
(i) Unexpired bank guarantee	21,096.24	40,154.22

* 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

Particulars	As at 31 March 2016	As at 31 March 2015
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	574.08	399.81
(ii) Redemption of preference shares (including premium)	1,300.20	9,950.40

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

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(₹ in Lacs)

Note:

31 Payments to auditors (included in Professional fees)

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
Audit fees	36.00	32.00
Limited review of quarterly results	24.00	21.00
Reimbursement of expenses	8.69	9.92
Total	**68.69**	62.92

32 Loans and advances to subsidiary Company

Name of the Subsidiary	Maximum Outstanding	As at 31 March 2016
Magma ITL Finance Limited [a subsidiary]	11,500.00 (9,500.00)	1,500.00 (-)

Previous year's figures are stated in brackets.

33 Additional notes

(a) C.I.F. value of imports of goods acquired for asset financing arrangements ₹ Nil (2015: ₹ Nil).

(b) Earnings in foreign currency ₹ Nil (2015: ₹ Nil).

(c) Expenditure in foreign currency on account of professional fees, travelling and others ₹ 71.82 lacs (2015: ₹ 76.54 lacs).

(d) Dividend remitted in foreign currency

Particulars	Paid in 31 March 2016	Paid in 31 March 2015
Preference shares		
Financial year to which the dividend relates	2014-15	2013-14
Number of shareholder	1	1
Number of shares held	8,610,198	8,610,198
Amount remitted (₹ lacs)	184.24	290.93

34 (a) Commissioner of service tax had issued a show cause notice in respect of the financial years 2002-03 to 2006-07 on 16 October 2007 and the matter was adjudicated vide Order dated 31 March 2009, confirming the service tax liability at ₹ 464 lacs plus interest and penalty 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.

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(₹ in Lacs)

Note:

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014

(a) Capital

Particulars	As at 31 March 2016	As at 31 March 2015
(i) CRAR (%)	18.7	16.3
(ii) CRAR -Tier I Capital (%)	14.6	11.1
(iii) CRAR -Tier II Capital (%)	4.1	5.2
(iv) Amount of subordinated debt raised as Tier-II capital	77,930.00	95,850.00
(v) Amount raised by issue of Perpetual Debt Instruments	11,250.00	10,550.00

(b) Investments

Particulars	As at 31 March 2016	As at 31 March 2015
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	45,815.85	24,178.31
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	1.05	35.58
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	45,814.80	24,142.73
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	35.58	35.58
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	34.53	-
(iv) Closing balance	1.05	35.58

(c) Derivative

1 Forward Rate Agreement / Interest rate Swap

Particulars	As at 31 March 2016	As at 31 March 2015
(i) The notional principal of swap agreements	1,300.20	2,600.40
(ii) Loss which would be incurred if counterparties failed to fulfill their obligations under the agreements	176.70	353.40
(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	-

The Company has recognised loss of ₹ 23.10 lacs (2015: gain of ₹ 42.32 lacs) relating to derivative financial instrument.

The Company does not have any exposure to exchange traded interest rate (IR) derivatives as at 31 March 2016 and 31 March 2015.

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	-	-

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Note:

(₹ in Lacs)

(d) Disclosures relating to Securitisation

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

Particulars	As at 31 March 2016	As at 31 March 2015
1 No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions *	20	31
2 Total amount of securitised assets as per books of the SPVs sponsored	106,426.01	213,371.40
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	11,153.68	21,315.76
Others	4,871.50	11,787.27
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	17,273.86	28,315.35
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	12,519.54	18,922.94
(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 and assignment of loans aggregating to ₹ 3,287.54 lacs for the year ended 31 March 2016 (2015: ₹ 2,498.16 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 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
1 Excess interest spread receivable	3,324.11	5,866.35	4,475.80	9,082.96
2 Unrealised gain on securitisation transactions	3,324.11	5,866.35	4,475.80	9,082.96

(iv) Additional income tax on income distributed by Securitisation Trusts

In the Finance Act, 2013, a new provision has been introduced w.e.f. 1 June 2013 in respect of 'Tax on Distributed Income by Securitisation Trusts' ('SDT'). The income so received is exempt in the hands of the Company. During the year, the income amounting to ₹ 4,330.67 lacs (2015: ₹ 10,030.69 lacs) has been received by the Company as an investor after withholding SDT of ₹ 1,495.33 lacs (2015: ₹ 3,409.43 lacs).

2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

The Company has not sold any financial assets to securitisation / reconstruction company during the financial year ended 31 March 2016 and 31 March 2015.

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Note: (₹ in Lacs)

3 Details of Assignment transactions undertaken by NBFCs

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
(i) No. of accounts	20,264	73,278
(ii) Aggregate value (net of provisions) of accounts sold	93,852.10	298,674.50
(iii) Aggregate consideration	93,852.10	298,734.93
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	60.43

4 **Details of non-performing financial assets purchased / sold**

a) Details of non-performing financial assets purchased:

The Company has not purchased any non-performing financial assets during the financial year ended 31 March 2016 and 31 March 2015.

b) Details of Non-performing Financial Assets sold:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
(i) No. of accounts sold	-	1,313
(ii) Aggregate outstanding *	-	5,159.08
(iii) Aggregate consideration received	-	5,005.78

* net of provisions

(e) **Asset Liability Management Maturity pattern of certain items of Assets and Liabilities**

	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	80,272.35	33,079.66	35,582.67	96,568.17	179,389.50	447,329.74	150,956.89	144,688.45	1,167,867.43
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 10].

(f) **Exposures**

1 **Exposure to real estate sector**

Category	As at 31 March 2016	As at 31 March 2015
(i) Direct exposure		
A. Residential Mortgages	91,920.81	77,265.29
B. Commercial Real Estate	33,987.44	32,799.62
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential,	-	-
b. Commercial Real Estate.	-	-
(ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

2 **Exposure to Capital Market**

Particulars	As at 31 March 2016	As at 31 March 2015
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	8.31
Total Exposure to Capital Market	**1.12**	**8.31**

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Note: (₹ in Lacs)

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 2016 and 31 March 2015.

4 **Unsecured Advances**

Particulars	As at 31 March 2016		As at 31 March 2015	
	Non-Current	Current maturities	Non-Current	Current maturities
1 Unsecured Advances	81,876.88	92,081.24	65,880.02	69,590.77

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 2016 and 31 March 2015.

(g) **Registration obtained from other financial sector regulators.**

Regulator	Registration no.	Date of registration / renewal
1 Ministry of Corporate Affairs	L51504WB1978PLC031813	18 December 1978
2 Insurance Regulatory and Development Authority	CA0154 (Composite)	29 March 2016

(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 2016 and 31 March 2015.

(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.

(j) **Remuneration of non-executive Directors**

Name of directors	Nature of payment	Year Ended 31 March 2016	Year Ended 31 March 2015
1 Mr. Neil Graeme Brown	Sitting Fees	1.20	2.20
	Commission	35.00	30.00
2 Mr. Narayan K Seshadri	Sitting Fees	2.20	3.00
	Commission	75.00	65.00
3 Mr. Nabankur Gupta	Sitting Fees	1.60	1.60
	Commission	30.00	25.00
4 Mr. Kailash Nath Bhandari	Sitting Fees	-	0.20
	Commission	-	15.00
5 Mr. Satya Brata Ganguly	Sitting Fees	3.70	4.70
	Commission	20.00	15.00
6 Mr. Sanjay Nayar	Sitting Fees	1.40	1.60
7 Mrs. Ritva Kaarina Laukkanen	Sitting Fees	0.60	0.20

(k) **Provisions and Contingencies**

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	Year Ended 31 March 2016	Year Ended 31 March 2015
Under "Provisions and bad debts written-off"		
1 Provision for standard assets	50.00	290.00
2 Provision for non-performing assets	9,444.93	6,302.82
Under "Tax expenses"		
1 Provision made towards income tax (includes deferred tax)	7,882.12	2,603.97
Under "Employee Benefit Expenses"		
1 Provision for compensated absences	415.17	497.94

Note: (₹ in Lacs)

(l) **Concentration of Deposits, Advances, Exposures and NPAs**

1 **Concentration of Exposures**

Particulars	As at 31 March 2016
Total advances to twenty largest borrowers	36,618.49
Percentage of advances to twenty largest borrowers to total advances	*3.2*

2 **Concentration of Exposures**

Particulars	As at 31 March 2016
Total exposure to twenty largest borrowers/ customers	36,618.49
Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	*3.2*

3 **Concentration of NPAs**

Particulars	As at 31 March 2016
Total exposure to top four NPA accounts	2,479.65

4 Sector-wise NPAs

Sector	% of NPAs to Total Advances in the sector
(i) Agriculture & allied activities	*17.3*
(ii) MSME	*1.9*
(iii) Corporate borrowers*	-
(iv) Services	*17.5*
(v) Unsecured personal loans	-
(vi) Auto loans	*9.1*
(vii) Other personal loans	*4.3*

* Corporate borrowers is included in the respective sector

(m) **Movement of NPAs**

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
i) Net NPAs to Net Advances (%)	8.7%	6.1%
ii) Movement of NPAs (Gross)		
a) Opening balance	83,005.06	55,915.42
b) Additions during the year	76,080.73	48,876.12
c) Reductions during the year	34,012.26	21,786.48
d) Closing balance	**125,073.53**	83,005.06
iii) Movement of Net NPAs		
a) Opening balance	65,864.20	45,077.38
b) Additions during the year	65,912.06	38,461.08
c) Reductions during the year	33,288.52	17,674.26
d) Closing balance	**98,487.74**	65,864.20
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	17,140.86	10,838.04
b) Provisions made during the year	10,168.67	10,415.04
c) Write-off / write-back of excess provisions	723.74	4,112.22
d) Closing balance	**26,585.79**	17,140.86

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.

(n) **Disclosure of Complaints**

Customer Complaints

Particulars	Year ended 31 March 2016
No. of complaints pending at the beginning of the year	61
No. of complaints received during the year	1,221
No. of complaints redressed during the year	1,257
No. of complaints pending at the end of the year	25

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Note: (₹ in Lacs)

36 Related party disclosures

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**

	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.	Mr. Mayank Poddar	Chairman
v.	Mr. Sanjay Chamria	Vice Chairman & Managing Director
vi.	Mr. Sanjay Nayar	Director
vii.	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 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.	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. Girish Bhatia	Company Secretary (up to 06 September 2014)
xiii.	Mr. Kailash Baheti	Company Secretary (w.e.f. 07 September 2014 up to 01 August 2015)
xiv.	Mrs. Shabnum Zaman	Company Secretary (w.e.f. 02 August 2015)
xv.	Mr. V. Lakshmi Narasimhan	Chief Financial Officer (up to 13 March 2015)
xvi.	Mr. Atul Bansal	Chief Financial Officer (w.e.f. 13 March 2015)
xvii.	Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel (w.e.f. 01 September 2014)

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) 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	11,500.00	1,500.00	9,000.00	-
	Refund of long-term loans and advances given	10,000.00	-	13,500.00	-
	Cost allocation made*	338.97	-	551.52	-
	Interest income	140.10	-	443.96	-
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	-	-
3. Magma Housing Finance	Cost allocation made*	771.58	-	726.13	-
B) Joint venture					
1. Magma HDI General Insurance Company Limited	Investment in equity shares	3,700.00	6,300.00	-	2,600.00
	Short-term loans and advances given	16,090.36	580.12	17,865.03	537.25
	Refund of short-term loans and advances given	16,047.49	-	17,708.02	-
	Cost allocation made*	1,048.12	-	1,011.33	-
	Insurance commission income	1,037.40	38.75	1,116.35	37.67
	Insurance charges	12.08	-	43.32	-
2. Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20

Note: (₹ 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
C) 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	-	-	-
	Purchase of preference shares of Magma Advisory Services Limited	24,888.89	-	-	-
	Income on non convertible debenture	2,199.99	-	-	-
	Rent expense	328.40	-	308.06	-
	Equity dividend paid	235.48	-	235.48	-
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	-
4. Microfirm Capital Private Limited	Equity dividend paid	272.13	-	272.13	-
D) Key management personnel					
1. Mr. Mayank Poddar	Rent expense	1.88	-	1.77	-
	Director's remuneration	150.00	-	150.00	-
2. Mr. Sanjay Chamria	Director's 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	-
E) 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	-	-	0.20	-
	Commission#	-	-	15.00	15.00
5. Mr. Satya Brata Ganguly	Sitting fees	3.70	-	4.80	-
	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	-
F) 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.

* Represents expenses recovered towards infrastructural support, operational assistance and other services.

\# Commission provided in financial year 2014-15 has been fully paid in financial year 2015-16.

Note:

(₹ in Lacs)

37 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.

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

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 2016, 25 cases (2015: 26 cases) of frauds has been detected and reported aggregating to ₹ 380.91 lacs (2015: ₹ 611.96 lacs). The un-recovered amounts have been fully provided for / written-off.

39 Disclosures in terms of the notification issued by the Reserve Bank of India on 21 March 2012

Particulars	As at 31 March 2016	As at 31 March 2015
Total gold loan portfolio*	28.58	755.36
Total assets	1,290,881.95	1,231,174.68
Gold loan portfolio as a % of total assets	0.00%	0.06%

*The Company has discontinued the Gold loan product as decided in the meeting of Board of Directors held on 06 November 2014.

40 Disclosures relating to Gold loan auction in terms of the notification issued by Reserve Bank of India on 16 September 2013

Particulars	As at 31 March 2016	As at 31 March 2015
1 Number of loan accounts	1,202	4,234
2 Outstanding amounts	444.25	1,898.90
3 Value fetched	466.33	1,927.71
4 Whether any of its sister concerns participated in the auction	No	No

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:

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 holding)	India	41.11%	39,379.41	39,379.41	(232.24)	6.16	-

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011
Chartered Accountants

Note: (₹ in Lacs)

42 Details of investments

	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.

(₹ in Lacs)

Note:

43 Segment reporting

As per paragraph 4 of Accounting Standard (AS) 17, on "Segment Reporting" prescribed under section 133 of the Companies Act, 2013, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding Company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented in the consolidated financial statements.

44 Previous year's figure

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 12 May 2016

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

(₹ in Lacs)

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2015

Sl. No.	Particulars	Amount outstanding as at 31 March 2016	Amount overdue as at 31 March 2016
	Liabilities		
1	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**		
(a)	Debentures		
	- Secured	104,230.00	-
	- Unsecured	89,180.00	-
(b)	Deferred Credits	-	-
(c)	Term Loans	193,670.16	-
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	57,533.59	-
(f)	Public Deposits *	0.13	-
(g)	Cash Credit / Working Capital Demand Loans from Banks	537,878.24	-

* Represents liability transferred to and vested in the Company pursuant to the Amalgamation of 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 to Escrow Account, the entire outstanding amount together with interest.

Sl. No.	Particulars	Amount outstanding as at 31 March 2016
	Assets	
2	**Break-up of Loans and Advances, including Bills Receivables (other than those included in (4) below)**	
(a)	Secured	-
(b)	Unsecured	8,072.74
3	**Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities**	
(i)	Lease Assets including Lease Rentals under Sundry Debtors	4,486.29
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	-
(iii)	Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	5,375.27
	(b) Loans other than (a) above	1,155,126.39

MAGMA FINCORP LIMITED

(₹ in Lacs)

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2015

4	**Break-up of Investments**	
	Current Investments	
1	Quoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	Unquoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Sl. No.	Particulars	Amount outstanding as at 31 March 2016
	Long-term Investments	
1	Quoted	
	(i) Shares (a) Equity	0.07
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	Unquoted	
	(i) Shares (a) Equity	16,054.18
	(b) Preference	24,888.89
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	
	- National Savings Certificate	0.16
	- Pass Through Certificate	4,871.50

(₹ in Lacs)

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2015

5	Borrower group-wise classification of assets financed as in (2) and (3) above			
	Category	Secured	Unsecured	Total as at 31 March 2016
1	Related Parties			
	(a) Subsidiaries	-	1,500.00	1,500.00
	(b) Companies in the same group	-	580.12	580.12
	(c) Other related parties		169.34	169.34
2	Other than Related Parties	991,029.83	179,781.40	1,170,811.23
	Total	991,029.83	182,030.86	1,173,060.69

6	Investor group-wise Classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)		
	Category	Market Value / Break up or Fair Value or NAV as at 31 March 2016	Book Value (Net of Provisions) as at 31 March 2016
1	Related Parties		
	(a) Subsidiaries	61,464.12	34,218.83
	(b) Companies in the same group	9,248.16	6,302.20
	(c) Other related parties	-	-
2	Other than Related Parties	5,359.81	5,293.77
	Total	76,072.09	45,814.80

7	Other information	
	Particulars	Total as at 31 March 2016
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	125,073.53
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	98,487.74
(iii)	Assets acquired in satisfaction of debt	-

The Company classifies non-performing assets (NPAs) at 4 months overdue as compared to present requirement of 5 months.

Had the Company recognised NPA as per present RBI guidelines, the Company's Gross and Net NPA as on 31 March 2016 would have been lower at ₹ 1,14,170.75 lacs and ₹ 87,584.97 lacs respectively (2015: ₹ 66,984.84 lacs and ₹ 49,843.97 lacs respectively).

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

B S R & Co. LLP
Chartered Accountants

Godrej Waterside, Unit No. 603 604
6th Floor, Tower 1, Plot No. 5, Block - DP
Sector V, Salt Lake, Kolkata - 700091

Telephone: + 91 33 4403 4000
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Independent Auditors' Report

To the Members of Magma Fincorp Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Magma Fincorp Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities, comprising the Consolidated Balance Sheet as at 31 March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors Responsibility

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

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

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

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:
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Magma Fincorp Limited

Independent Auditors' Report *(continued)*

Auditors Responsibility *(continued)*

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraphs below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Emphasis of Matters

We draw attention to the note number 36(b) of the consolidated financial statements, where it is reported that the Magma HDI General Insurance Company Limited ('MHDI'), a jointly controlled entity, has a solvency margin at 1.24 times as at 31 March 2015 which is below 1.50 times as stipulated by Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of Insurers) Regulations 2000 and subsequent circulars and orders.

Further, we draw attention to note number 36(c) of the consolidated financial statements with reference to MHDI, regarding Motor Third Party (Stop Loss) XL reinsurance cover with HDI Gerling Welt Service AG ('HDI') for the motor portfolio for all policies issued upto 31 March 2015. The Appointed Actuary has certified the motor TP ultimate loss ratio of 133% as at 31 March 2015 which has been fully provided for in the books of accounts. Against this, as per the terms of reinsurance cover, HDI has agreed to indemnify the MHDI for losses incurred in aggregate which exceed ultimate loss ratio of 119%, and upto 135%. Accordingly Rs. 4,084.40 lacs, being excess of TP ultimate loss liability of motor third party portfolio provided for in books of accounts over and above 119% as on 31 March 2015, against which insurance cover is available to the MHDI, has been suitably adjusted in claims liability.

Our opinion on the consolidated financial statements is not qualified in respect of this matter.

Magma Fincorp Limited

Independent Auditors' Report ***(continued)***

Other Matters

We did not audit the financial statements of Jaguar Advisory Services Private Limited and Magma HDI General Insurance Company Limited, both jointly controlled entities, whose financial statements reflect total assets of Rs. 33,458.41 lacs as at 31 March 2015, total revenues of Rs. 375.95 lacs and net cash inflows amounting to Rs. 199.45 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and jointly controlled entities incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;

   (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the jointly controlled entities incorporated in India, none of the directors of the Group companies and its jointly controlled entities incorporated in India are disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

Magma Fincorp Limited

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements ***(continued)***

(f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities - Refer note 33(a) to the consolidated financial statements:

ii. the Group and its jointly controlled entities have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer note 33(c) to the consolidated financial statements;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, and jointly controlled entities incorporated in India.

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date: 8 May 2015

Magma Fincorp Limited

Annexure to the Independent Auditors' Report

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

(i) a) The Group and its jointly controlled entities have maintained proper records showing full particulars, including quantitative details and situations of fixed assets.

b) The Group and its jointly controlled entities have a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of the physical verification is reasonable having regards to the size of the Group and its jointly controlled entities and the nature of its assets.

(ii) The Group and its jointly controlled entities are primarily engaged in asset financing and rendering support services. Accordingly, they do not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) a) In case of loans granted to bodies corporate listed in the register maintained under section 189 the Companies Act. 2013 (" the Act") of the Group and its jointly controlled entities. the borrowers have been regular in the re-paying the principal including interest thereon as stipulated.

b) There are no overdue amounts of more than rupees one lac in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us that sale of certain services are for the specialized requirements of the customers and for which suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Group and its jointly controlled entities and the nature of their business with regard to purchase of fixed assets and sale of services. The activities of the Group and its jointly controlled entities do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

(v) The Group and jointly controlled entities have not accepted any deposits from the public, except for deposits taken over by the Holding Company by way of merger in the year ended 31 March 2007. In our opinion, and according to the information and explanations given to us, the Holding Company has complied with the provisions of Section 73 to Section 76 or other relevant provisions of the Act, the rules framed there under and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

Magma Fincorp Limited

Annexure to the Independent Auditors' Report *(continued)*

(vi) We have broadly reviewed the books of account maintained by the Holding Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of sale of power generated from windmills and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the other services rendered by the Group and jointly controlled entities.

(vii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Group and jointly controlled entities, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, service tax, value added tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Group and jointly controlled entities with the appropriate authorities *except for delays with respect to deposit of professional tax with appropriate authorities awaiting registration.* As explained to us, the Group and jointly controlled entities did not have any dues on account of sales tax, customs duty and excise duty.

According to the information and explanations given to us, *except for professional tax amounting to Rs. 5.08 lacs which* was outstanding for more than six months as at the year end, there are no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, wealth tax, service tax, value added tax, cess and any other material statutory dues were in arrears, as at 31 March 2015, for a period of more than six months from the date they became payable. As explained to us, the Group and jointly controlled entities did not have any dues on account of sales tax, customs duty and excise duty.

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

Name of the Statute	Nature of the dues	Amount (Rs. lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	8.62	-	AY 2007-08	Commissioner of Income Tax (Appeal), Delhi
Finance Act, 1994	Service tax	40.36	12.00	Various financial years from 2005-06 to 2008-09 (up to September 2008)	Commissioner of Central Excise (Appeal), Chennai
Chapter V of the Finance Act, 1994	Service tax demanded	115.00	-	2002 – 2003 to 2006 – 2007	CESTAT, EZB, Kolkata
Chapter V of the Finance Act, 1994	Service tax demanded	60.49	-	2002-03 to 2006-07	CESTAT, EZB, Kolkata
West Bengal Value Added Tax Act, 2003	VAT demanded	6.86	-	2008 – 2009	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT demanded	7.21	-	2009-2010	West Bengal Commercial Taxes Appellate and Revisional Board
Rajasthan Value Added Tax Act 2003.	VAT demanded	24.14	-	2006 -07 to 2012-13 (till July 2012)	Tax Board, Rajasthan
Jharkhand, Value Added Tax Act, 2005	VAT demanded	19.42	-	2006 – 2007 to 2009 – 2010	Sales Tax Tribunal, Jharkhand, Ranchi
Madhya Pradesh Value Added Tax Act, 2002	VAT demanded	133.75	-	2008 – 2009 and 2009-2010	Madhya Pradesh High Court, Jabalpur
Orissa Value Added Tax Act, 2004	VAT demanded	57.41	-	1 April 2007 to 30 September 2012	Sales Tax Tribunal, Orissa

Magma Fincorp Limited

Annexure to the Independent Auditors' Report *(continued)*

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

(viii) The Group and its jointly controlled entities do not have any accumulated losses at the end of the financial year and have not incurred cash losses in the financial year and in the immediately preceding financial year.

(ix) According to the information and explanations given to us, the Group and its jointly controlled entities have not defaulted in repayment of dues to any bank and financial institutions or to debenture holders during the year.

(x) In our opinion and according to the information and the explanations given to us, the Group and its jointly controlled entities have not given any guarantee for loan taken by others from banks or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained by the Group and its jointly controlled entities did not have any term loans outstanding during the year.

(xii) During the course of our examination of the books and records of the Group and its jointly controlled entities, carried out in accordance with the general auditing practices in India, and according to the explanation and information given to us, thirty two instances of fraud on the Group and its jointly controlled entities were identified and reported during the year. We have been further informed that the frauds on the Group and its jointly controlled entities were mainly related to falsification of loan/valuation documents by borrowers, non-delivery of assets by dealers, collusion between vendors, borrowers, employees and cash mis-appropriation by the employees of the Company. The aggregate amount of such frauds is Rs.864.17 lacs. As at 31 March 2015, the loan outstanding has been written-off / fully provided for in the statement of profit and loss.

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date: 8 May 2015

Consolidated Balance Sheet

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Note no.	**As at 31 March 2015**	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**17,064.48**	18,780.40
Reserves and surplus	4	**161,681.86**	146,575.00
Fair value change account		**1.34**	0.49
		178,747.68	165,355.89
Minority Interest		**3,981.47**	3,321.62
Non-current liabilities			
Long-term borrowings	5	**356,862.11**	321,893.27
Deferred tax liabilities (net)	6	**712.01**	2,846.04
Long-term provisions	7	**23,259.94**	15,684.74
		380,834.06	340,424.05
Current liabilities			
Short-term borrowings	8	**632,954.69**	523,276.53
Trade payables	9	**22,540.18**	27,049.83
Other current liabilities	10	**256,724.70**	245,809.65
Short-term provisions	11	**12,465.20**	12,578.44
		924,684.77	808,714.45
Total		**1,488,247.98**	1,317,816.01
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	**17,315.28**	15,496.24
Intangible assets	12	**2,435.31**	367.17
Goodwill on consolidation		**1,430.34**	1,430.34
Capital work-in-progress		**875.22**	2,505.11
		22,056.15	19,798.86
Non-current investments	13	**30,796.51**	29,200.96
Long-term loans and advances	14		
- Assets on finance		**909,964.91**	737,963.04
- Others		**2,326.78**	3,207.82
Other non-current assets	15	**13,613.35**	17,692.38
		978,757.70	807,863.06
Current assets			
Current investments	16	**10,581.74**	10,990.20
Trade receivables	17	**754.87**	1,551.53
Cash and bank balances	18	**62,683.06**	82,659.35
Short-term loans and advances	19		
- Assets on finance		**415,177.09**	396,747.00
- Others		**7,651.88**	5,982.33
Other current assets	20	**12,641.64**	12,022.54
		509,490.28	509,952.95
Total		**1,488,247.98**	1,317,816.01
Significant accounting policies	2		
Notes to the financial statements	3 - 40		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 08 May 2015

Mayank Poddar
Chairman

Atul Bansal
Chief Financial Officer

Sanjay Chamria
Vice Chairman & Managing Director

Kailash Baheti
Chief Strategy Officer & Company Secretary
Kolkata, 08 May 2015

(₹ in Lacs)

	Note no.	**Year Ended 31 March 2015**	Year ended 31 March 2014
REVENUE			
Revenue from operations	21	**235,477.93**	209,641.44
Operating result from general insurance business	22	**(114.85)**	(1,509.43)
Other income	23	**3,234.88**	3,637.29
Total revenue		**238,597.96**	211,769.30
EXPENSE			
Employee benefits expense	24	**36,181.99**	24,305.04
Finance costs	25	**123,293.57**	117,707.18
Depreciation and amortisation expense	12	**3,456.94**	3,317.50
Provisions and bad debts written-off	26	**24,436.42**	18,409.05
Other expenses	27	**28,880.06**	28,262.35
Total expense		**216,248.98**	192,001.12
Profit before tax		**22,348.98**	19,768.18
Tax expense:			
Current tax - current year		**5,506.29**	7,405.14
- earlier year		**196.60**	(999.17)
Share of current tax of joint venture		**(165.70)**	0.60
Net current tax		**5,537.19**	6,406.57
Deferred tax		**(2,013.15)**	(2,232.89)
Share of deferred tax of joint venture		**98.35**	(368.68)
Profit after tax		**18,726.59**	15,963.18
Minority Interest		**659.85**	780.31
Profit after tax and minority interest		**18,066.74**	15,182.87
Earnings per equity share			
(Nominal value of ₹ 2 each fully paid up):			
Basic (in ₹)		**8.88**	7.32
Diluted (in ₹)		**8.84**	7.31
Significant accounting policies	2		
Notes to the financial statements	3 - 40		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Akeel Master
Partner
Membership No. 046768
Mumbai, 08 May 2015

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer & Company Secretary
Kolkata, 08 May 2015

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.

B S R & CO. LLP 1st Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400 011. India. Chartered Accountants

(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 presecribed 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.

(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.

(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.

(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)

(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.

(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.

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(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 3		
SHARE CAPITAL		
Authorised		
265,000,000 (2014: 265,000,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
54,300,000 (2014: 54,300,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
40,000,000 (2014: 40,000,000) Preference shares of ₹ 10/- each	4,000.00	4,000.00
	63,600.00	63,600.00
Issued, subscribed and paid-up		
Equity share capital		
190,425,875 (2014: 190,119,975) Equity shares of ₹ 2/- each, fully paid up.	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 fifth & final 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.		
6,500,999 (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 ₹ 40/- on redemption of three annual installments of ₹ 20/- each per share).	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.		
1,000,000 (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 redeemable at the end of 5 years i.e. 19 June 2015 along with a redemption premium equal to 25% of the consideration.		
2,500,000 (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 redeemable at par at the end of 5 years i.e. 30 June 2015.		
3,600,000 (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 redeemable at par at the end of 3 years i.e. 11 November 2015.		
35,555,556 (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.		
	17,064.48	18,780.40

(₹ in Lacs)

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

	As at 31 March 2015		As at 31 March 2014	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Opening balance	190,119,975	3,802.40	189,956,775	3,799.14
Equity shares issued on exercise of ESOPs during the year	305,900	6.12	163,200	3.26
Closing balance	**190,425,875**	**3,808.52**	190,119,975	3,802.40
Preference shares				
Opening balance	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)	(2,109,199)	(1,300.20)	-	(1,300.20)
5.00% Preference shares redeemed during the year	-	-	(3,000,000)	(3,000.00)
9.70% Preference shares redeemed during the year (20% annually)	-	(421.84)	-	(421.84)
Closing balance	**49,156,555**	**13,255.96**	51,265,754	14,978.00

Equity shares

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

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

During the year ended 31 March 2015, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each. Total dividend appropriation on 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 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 2015		As at 31 March 2014	
	%age	No. of shares	%age	No. of shares
Equity shares				
Microfirm Capital Private Limited	17.86	34,015,928	17.89	34,015,928
Celica Developers Private Limited	15.46	29,434,455	15.48	29,434,455
Zend Mauritius VC Investments, Limited	14.10	26,854,375	14.12	26,854,375
International Finance Corporation	12.08	23,000,000	12.10	23,000,000
Lavender Investments Limited	9.90	18,851,431	9.63	18,301,431
India Capital Fund Limited	4.82	9,180,190	5.12	9,736,294
Preference shares				
Celica Developers Private Limited	72.33	35,555,556	69.36	35,555,556
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	13.23	6,500,999	16.80	8,610,198

Employee stock options

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

MESOP 2007

Under MESOP, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors. The options generally vest in a graded manner over a five year period and are exercisable till the grantee remains an employee of the Company. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March 2011, the number of options increased from 1,000,000 to 5,000,000.

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

	Year ended 31 March 2015	Year ended 31 March 2014
Outstanding options at the beginning of the year	1,342,400	1,112,900
Granted during the year	20,000	400,000
Exercised during the year	305,900	163,200
Lapsed during the year	420,000	7,300
Forfeited during the year	-	-
Outstanding options at the end of the year	636,500	1,342,400
Options vested and exercisable at the end of the year	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 till the grantee remains an employee of the Company.

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

	Year ended 31 March 2015	Year ended 31 March 2014
Outstanding options at the beginning of the year	-	-
Granted during the year	650,000	-
Exercised during the year	-	-
Lapsed during the year	50,000	-
Forfeited during the year	-	-
Outstanding options at the end of the year	600,000	-
Options vested and exercisable at the end of the year	-	-

Chartered Accountants

(₹ in Lacs)

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

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

Equity shares reserved for issue under options

	No. of shares granted	Exercise price	As at 31 March 2015 No. of shares	As at 31 March 2015 Amount	As at 31 March 2014 No. of shares	As at 31 March 2014 Amount
Under MESOP 2007:						
Tranche I	1,754,000	36.00	14,000	28,000	192,400	384,800
Tranche II	250,000	60.00	152,500	305,000	250,000	500,000
Tranche III	50,000	60.00	35,000	70,000	50,000	100,000
Tranche IV	300,000	60.00	-	-	300,000	600,000
Tranche V	150,000	60.00	65,000	130,000	150,000	300,000
Tranche VI	50,000	60.00	50,000	100,000	50,000	100,000
Tranche VII	50,000	60.00	-	-	50,000	100,000
Tranche VIII	175,000	60.00	175,000	350,000	175,000	350,000
Tranche IX	125,000	60.00	125,000	250,000	125,000	250,000
Tranche X	20,000	60.00	20,000	40,000	-	-
Under MRSOP 2014:						
Tranche I	650,000	2.00	600,000	1,200,000	-	-

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

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

Particulars	**Year ended 31 March 2015**	Year ended 31 March 2014
Net profit for equity shareholders	16,895.14	13,914.41
Add: Stock-based employee compensation expense (intrinsic value method)	3.06	63.02
Less: Stock-based employee compensation expense (fair value method)	4.55	139.53
Proforma net profit	16,893.65	13,837.90
Basic earnings per share (Face value: ₹ 2/-) as reported	8.88	7.32
Proforma basic earnings per share (Face value: ₹ 2/-)	8.88	7.28
Diluted earnings per share (Face value: ₹ 2/-) as reported	8.84	7.31
Proforma diluted earnings per share (Face value: ₹ 2/-)	8.84	7.27

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(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 4		
RESERVES AND SURPLUS		
Capital reserve		
Opening balance	480.22	457.98
Add: On amalgamation of its step-down subsidiary International Autotrac Finance Limited (IAFL) with its subsidiary Magma ITL Finance Limited (MITL)	-	22.24
	480.22	480.22
Capital reserve on consolidation	**6,365.96**	6,365.96
Capital redemption reserve	**1,421.84**	1,421.84
Securities premium reserve		
Opening balance	79,857.32	81,368.45
Add: On equity shares issued on exercise of ESOPs during the year	167.79	78.87
Less: On preference share redeemed during the year	-	1,590.00
	80,025.11	79,857.32
Employee share option outstanding		
Gross employee share compensation cost for options granted in earlier years	103.99	64.35
Less: Transferred to securities premium reserve on allotment of shares	33.18	23.38
Add: Deferred employee compensation cost	3.06	63.02
	73.87	103.99
Amalgamation reserve account	**106.48**	106.48
Statutory reserve		
(created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	16,790.00	13,438.98
Add: Transfer from surplus in the statement of profit and loss	3,500.00	3,351.02
	20,290.00	16,790.00
Statutory reserve		
(created pursuant to Section 29C of the National Housing Bank Act, 1987)		
Opening balance	343.07	253.00
Add: Transfer from surplus in the statement of profit and loss	340.00	90.07
	683.07	343.07
General reserve		
Opening balance	8,100.00	6,734.50
Add: Transfer from surplus in the statement of profit and loss	1,502.40	1,365.50
Less: Transferred to depreciation reserve	92.40	-
	9,510.00	8,100.00
Surplus (balance in the statement of profit and loss)		
Opening balance	33,006.11	25,729.60
Impact of amalgamation of IAFL with MITL	-	(51.85)
Profit for the year	18,066.74	15,182.87
Amount available for appropriations	**51,072.85**	40,860.62
Appropriations		
Proposed dividend on preference shares	973.52	1,084.21
Tax on proposed preference dividend as above	198.08	184.25
Proposed dividend on equity shares	1,523.41	1,520.96
Tax on proposed equity dividend as above	310.13	258.49
Transfer to statutory reserve (as per Reserve Bank of India Act, 1934)	3,500.00	3,351.02
Transfer to statutory reserve (as per National Housing Bank Act, 1987)	340.00	90.07
Transfer to general reserve	1,502.40	1,365.50
	42,725.31	33,006.12
	161,681.86	146,575.00

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(₹ in Lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Note: 5			
LONG-TERM BORROWINGS			
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	99,050.00	115,010.00
		99,050.00	115,010.00
Unsecured			
Subordinated non-convertible perpetual debentures (Tier I capital)		10,550.00	10,550.00
Subordinated redeemable non-convertible debentures (Tier II capital)		77,930.00	74,350.00
		88,480.00	84,900.00
Term loan			
Secured *			
from banks	(b) and (c)	140,284.90	80,876.85
from others (financial institutions)	(b) and (c)	26,965.73	40,205.15
		167,250.63	121,082.00
Unsecured			
from others		2,081.48	901.27
		2,081.48	901.27
		356,862.11	321,893.27
* Aggregate of loans guaranteed by Director (including current maturities)		1,862.30	2,395.20

Nature of security

(a) Debentures are secured by mortgage of Company's immovable property situated at (i) Village - Mehrun, Taluk and District - Jalgaon in the state of Maharastra, (ii) Rajarhat, Kolkata in the state of West Bengal, and (iii) Barasat, Dist - 24 Parganas (N) and are also secured against designated Assets on finance/loan.

(b) Term loans from banks / financial institutions are secured by hypothecation of designated Assets on finance/loan and future rentals receivable therefrom.

(c) Term loans related to wind mills owned by the Company are secured by means of mortgage of the wind mills, assignment of the related receivables, and a bank guarantee in favour of the lending institution alongwith personal guarantee of a Director.

Details of debentures

Secured redeemable non-convertible debentures

Maturity schedule	Rate of interest*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
> 5 Years	10.10%	2,000.00	-	-	-
3 - 5 Years	10.00% - 10.33%	7,500.00	-	50,300.00	-
1 - 3 Years	9.50% - 11.50%	89,550.00	-	64,710.00	-
0 - 1 Years	10.01% - 11.30%	-	71,460.00		117,100.00
		99,050.00	**71,460.00**	115,010.00	117,100.00

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

Maturity schedule	Rate of interest*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
> 5 Years	12.00 % - 13.75%	10,550.00	-	10,500.00	-
		10,550.00	-	10,500.00	-

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

(₹ in Lacs)

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

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

Terms of repayment of term loans

Repayment terms	Interest terms	Repayable at	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities	As at 31 March 2014 Long-term	As at 31 March 2014 Current maturities
Secured						
Monthly	Fixed	Par	34.30	18.90	21.98	13.79
Monthly	Floating	Par	6,388.65	8,316.84	14,706.05	12,627.05
Quarterly	Fixed	Par	1,329.40	532.90	1,862.30	532.90
Quarterly	Floating	Par	147,355.42	71,413.86	74,491.67	33,194.93
Half yearly	Floating	Par	12,142.86	2,857.14	30,000.00	-
			167,250.63	**83,139.64**	121,082.00	46,368.67
Unsecured						
Monthly	Fixed	Par	2,081.48	-	901.27	290.37
			2,081.48	-	901.27	290.37

The above secured term loans carry interest rates ranging from 10.45 % p.a. to 14.00 % p.a.

* Interest rate as at 31 March 2015

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

	As at 31 March 2015	As at 31 March 2014
Note: 6		
DEFERRED TAX LIABILITIES (net)		
Deferred tax liabilities		
Fixed assets	2,463.56	2,308.58
Unamortised expenses (net)	6,943.90	6,666.95
Others	563.63	459.36
	9,971.09	9,434.89
Deferred tax assets		
Contingent provision against standard assets	1,380.86	1,152.57
Provision for non-performing assets	6,880.84	4,382.46
Others	434.28	392.36
	8,695.98	5,927.39
Share of deferred tax assets of joint venture	563.10	661.46
	712.01	2,846.04

	As at 31 March 2015	As at 31 March 2014
Note: 7		
LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	87.62	41.35
Provision for compensated absences	832.11	692.59
Other provisions		
Provision for non-performing assets	19,670.21	12,770.80
Contingent provision against standard assets (Tier II capital)	2,670.00	2,180.00
	23,259.94	15,684.74

(₹ in Lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Note: 8			
SHORT-TERM BORROWINGS			
Term loan			
Secured			
from banks	(a)	10,000.00	10,000.00
		10,000.00	10,000.00
Unsecured			
from others		-	182.97
		-	182.97
Commercial papers			
Unsecured			
Face value		85,000.00	68,200.00
Less: Unmatured discounting charges		854.93	773.30
		84,145.07	67,426.70
Loans from banks			
Secured			
Cash credit facilities	(b)	167,809.88	175,666.86
Working capital demand loans	(b)	370,999.74	270,000.00
		538,809.62	445,666.86
		632,954.69	523,276.53

Terms of repayment of term loans

Repayment terms	Interest terms	Repayable at	Rate of Interest	As at 31 March 2015	As at 31 March 2014
Secured					
Half yearly	Floating	Par	10.85%	10,000.00	10,000.00
				10,000.00	10,000.00
Unsecured					
Monthly	Fixed	Par	-	-	182.97
				-	182.97

Details of unsecured commercial papers

Number of units	Face value (₹ in Lacs)	Interest terms	As at 31 March 2015	As at 31 March 2014
17000	5	Fixed	84,145.07	67,426.70
			84,145.07	67,426.70

The above commercial papers carry interest rates ranging from 9.00 % p.a. to 11.30 % p.a.

Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging from 9.60 % p.a. to 13.45 % p.a. Working capital demand loans are repayable on demand and carry interest rates ranging from 9.45 % p.a. to 11.25 % p.a.. As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

Nature of security

(a) Term loans from Banks are secured by way of hypothecation on the Company's book debts and loan instalments receivable therefrom.

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

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 9		
TRADE PAYABLES		
Due to micro and small enterprises*	-	-
Due to others	21,954.25	26,802.47
	21,954.25	26,802.47
Share of joint venture	585.93	247.36
	22,540.18	27,049.83

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

	As at 31 March 2015	As at 31 March 2014
Note: 10		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (Note 5)	172,519.64	167,759.04
Interest accrued but not due on borrowings	12,992.36	15,246.35
Unpaid dividend #	24.50	21.16
Unclaimed matured deposits and interest accrued thereon *	0.26	2.48
Other liabilities		
Temporary book overdraft	9,077.56	9,628.00
Advances and deposits from customers	7,812.18	7,680.15
Statutory liabilities	922.27	741.40
Director's commission payable	150.00	150.00
Pending remittance on assignment	31,845.87	32,108.16
Other payables	5,844.82	4,729.96
	241,189.46	238,066.70
Share of joint venture	15,535.24	7,742.95
	256,724.70	245,809.65

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

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile 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.

	As at 31 March 2015	As at 31 March 2014
Note: 11		
SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	1.29	0.69
Provision for compensated absences	74.95	70.04
Other provisions		
Contingent provision against standard assets (Tier II capital)	1,320.00	1,230.00
Proposed dividend (including tax thereon)	3,001.64	3,103.44
Provision for taxation	12.51	304.48
Provision for contingent expenses	55.50	55.50
	4,465.89	4,764.15
Share of joint venture	7,999.31	7,814.29
	12,465.20	12,578.44

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Note: 12

FIXED ASSETS

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

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2014	Additions	Deletions	As at 31 March 2015	As at 1 April 2014	For the year	Deletions	As at 31 March 2015	As at 31 March 2015
Tangible assets									
Fixed assets for own use									
Land	30.26	-	-	**30.26**	-	-	-	-	**30.26**
Buildings *	3,461.60	57.23	-	**3,518.83**	1,099.62	55.66	-	**1,155.28**	**2,363.55**
Wind mills	9,701.29	-	-	**9,701.29**	3,356.48	410.48	-	**3,766.96**	**5,934.33**
Furniture and fixtures	2,399.12	346.56	129.54	**2,616.14**	1,006.05	391.19	71.18	**1,326.06**	**1,290.08**
Vehicles	300.86	100.33	96.48	**304.71**	169.94	43.23	65.37	**147.80**	**156.91**
Office equipments	6,319.51	1,856.33	288.31	**7,887.53**	3,080.71	1,361.60	255.32	**4,186.99**	**3,700.54**
Leasehold improvements	2,773.22	533.31	108.99	**3,197.54**	1,340.66	459.61	104.54	**1,695.73**	**1,501.81**
Sub-total	**24,985.86**	**2,893.76**	**623.32**	**27,256.30**	**10,053.46**	**2,721.77**	**496.41**	**12,278.82**	**14,977.48**
Fixed assets on operating lease									
Buildings	11.00	-	-	**11.00**	1.87	0.18	-	**2.05**	**8.95**
Vehicles	581.65	2,266.14	68.49	**2,779.30**	78.97	462.56	17.53	**524.00**	**2,255.30**
Sub-total	**592.65**	**2,266.14**	**68.49**	**2,790.30**	**80.84**	**462.74**	**17.53**	**526.05**	**2,264.25**
Total	**25,578.51**	**5,159.90**	**691.81**	**30,046.60**	**10,134.30**	**3,184.51**	**513.94**	**12,804.87**	**17,241.73**
Intangible assets									
Fixed assets for own use									
Computer software	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: 12 (continued)

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.

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 13		
NON-CURRENT INVESTMENTS		
Other investment (at cost)		
Investment in equity shares		
Quoted (Fully paid-up of ₹ 10/- each)	8.31	8.31
Unquoted (Fully paid-up of ₹ 10/- each)		
In others	450.43	450.43
Investment in Government securities		
Unquoted (₹ 0.16 lac pledged with sales tax authorities)	0.16	0.16
Others		
In pass through certificates *	5,724.63	11,264.23
	6,183.53	11,723.13
Aggregate provision for diminution in value of investments	(35.58)	(35.58)
	6,147.95	11,687.55
Share of joint venture	24,648.56	17,513.41
	30,796.51	29,200.96
Aggregate book value of quoted investments	8.31	8.31
Aggregate market value of quoted investments	5.55	4.58
Aggregate book value of unquoted investments	6,175.22	11,714.82

* The Company has invested in the Pass Through Certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time. Current portion of pass through certificates has been included under 'Current Investments' (Note 16) and amounts to ₹ 8,111.84 lacs (2014: ₹ 10,304.49 lacs).

	As at 31 March 2015	As at 31 March 2014
Note: 14		
LONG-TERM LOANS AND ADVANCES		
Assets on finance *		
Secured, considered good	813,772.18	687,346.27
Secured, considered doubtful	30,312.71	9,013.05
Unsecured, considered good	65,880.02	41,603.72
	909,964.91	737,963.04
Others		
Unsecured, considered good		
Capital advances	20.26	14.07
Loans to staff	123.82	55.93
Loans and advances to related parties	179.60	161.28
Tax advances and deduction at source	1,125.63	1,649.98
Security deposits	828.53	814.78
Other loans and advances		
Margin with body corporate	-	487.78
	2,277.84	3,183.82
Unsecured, considered doubtful		
Other loans and advances		
Advances recoverable in cash or kind or for value to be received	212.00	150.00
Less: Provision against loans and advances	212.00	150.00
	-	-
Share of joint venture	48.94	24.00
	912,291.69	741,170.86

* Assets on finance is net of amounts securitised/assigned aggregating to ₹ 629,246.58 lacs as at 31 March 2015 (2014: ₹ 652,506.92 lacs).

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(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 15		
OTHER NON-CURRENT ASSETS		
Others		
Non-current bank balances *	945.27	5,031.41
Unamortised borrowings costs	1,776.39	1,832.26
Unamortised loan origination costs (net)	8,506.73	8,149.26
Gratuity (excess of plan assets over obligation)	273.77	376.81
	11,502.16	15,389.74
Share of joint venture	2,111.19	2,302.64
	13,613.35	17,692.38

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 299.76 lacs (2014: ₹ 551.13 lacs) and as cash collateral for securitisation / direct assignments of receivables amounts to ₹ 645.51 lacs (2014: ₹ 4,480.28 lacs).

	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)		
Quoted	2.89	6.43
Others (at cost)		
In Pass through certificates * (Note 13)	8,111.84	10,304.49
	8,114.73	10,310.92
Share of joint venture	2,467.01	679.28
	10,581.74	10,990.20
Aggregate book value of quoted investments	2.89	6.43
Aggregate market value of quoted investments	3.48	7.10
Aggregate book value of unquoted investments	8,111.84	10,304.49

* The Company has invested in the Pass Through Certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time.

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(₹ in Lacs)

	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	-	-
Other debts	754.87	1,551.53
	754.87	1,551.53

	As at 31 March 2015	As at 31 March 2014
Note: 18		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	5,690.14	5,944.80
Balances with banks		
In current and cash credit accounts	18,005.64	35,044.04
In deposits with original maturity of 3 months or less	150.38	-
Share of joint venture of cash and cash equivalents	413.61	214.16
	24,259.77	41,203.00
Other bank balances *		
In unpaid dividend account	24.50	21.16
In deposits with original maturity of 3 months or less	6,029.71	3,096.91
In deposits with original maturity of more than 3 months to 12 months	24,311.19	26,349.05
Current maturities of deposits with original maturity of more than 12 months	7,667.55	10,969.12
Share of joint venture of other bank balances	390.34	1,020.11
	38,423.29	41,456.35
	62,683.06	82,659.35

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 2,684.74 lacs (2014: ₹ 2,406.61 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 30,575.98 lacs (2014: ₹ 37,997.01 lacs). Fixed deposits accounts with more than twelve months maturity amounting to ₹ 945.27 lacs (2014: ₹ 5,031.41 lacs) included under 'Other non-current assets' (Note 15).

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 19		
SHORT-TERM LOANS AND ADVANCES		
Asset on finance		
Secured, considered good	345,586.32	339,303.48
Unsecured, considered good	69,590.77	57,443.52
	415,177.09	396,747.00
Others		
Unsecured, considered good		
Loan and advances to related parties	536.53	-
Other loans and advances		
Loans to staff	289.07	222.26
Advances recoverable in cash or kind or for value to be received	3,973.41	2,868.17
Prepaid expenses	650.65	636.07
Margin with body corporate	78.87	-
Balances with statutory / government authorities	1,788.16	2,182.79
	7,316.69	5,909.29
	422,493.78	402,656.29
Share of joint venture	335.19	73.04
	422,828.97	402,729.33

	As at 31 March 2015	As at 31 March 2014
Note: 20		
OTHER CURRENT ASSETS		
Others		
Accrued interest / financial charges	1,694.77	1,219.09
Unamortised borrowings costs	1,612.26	2,131.10
Unamortised loan origination costs (net)	8,114.80	7,515.44
Others	16.88	54.71
	11,438.71	10,920.34
Share of joint venture	1,202.93	1,102.20
	12,641.64	12,022.54

(₹ in Lacs)

	Year Ended 31 March 2015	Year Ended 31 March 2014
Note: 21		
REVENUE FROM OPERATIONS		
Interest / finance income		
On assets on finance	203,062.99	182,588.73
On securitisation and assignment of loans	11,523.33	10,346.12
On pass through certificates	970.86	1,144.32
On fixed deposits	4,019.42	3,999.15
On loans and margins	1,394.46	900.48
	220,971.06	198,978.80
Other financial income		
Lease rentals	529.71	77.60
Collection and support services	8,014.50	6,155.74
Others	5,304.01	3,788.92
	13,848.22	10,022.26
Share of joint venture	658.65	640.38
	235,477.93	209,641.44

	Year Ended 31 March 2015	Year Ended 31 March 2014
Note: 22		
OPERATING RESULT FROM GENERAL INSURANCE BUSINESS		
Premium income		
Premiums earned (net)	15,012.38	8,440.22
Profit / (loss) on sale / redemption of investments (net)	612.49	27.86
Interest, dividend and rent (gross)	1,615.36	718.62
Others	10.41	2.46
	17,250.64	9,189.16
Operating expense		
Claims incurred (net)	12,599.68	7,164.84
Commission (net)	280.15	204.48
Contribution to solatium fund	6.49	7.02
Operating expenses related to insurance business	4,479.17	3,322.25
	17,365.49	10,698.59
	(114.85)	(1,509.43)

	Year Ended 31 March 2015	Year Ended 31 March 2014
Note: 23		
OTHER INCOME		
Sale of power	1,043.76	1,148.44
Insurance commission	703.30	582.65
Gain on sale of investments	0.47	62.82
Rental income	2.67	2.67
Bad debt recoveries	1,243.80	1,773.41
Miscellaneous income	11.71	44.20
	3,005.71	3,614.19
Share of joint venture	229.17	23.10
	3,234.88	3,637.29

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(₹ in Lacs)

	Year Ended 31 March 2015	Year Ended 31 March 2014
Note: 24		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	33,628.18	22,382.08
Contribution to provident and other funds	1,458.44	845.12
Employee share based compensation expense	3.06	63.02
Staff welfare expenses	1,092.31	1,014.82
	36,181.99	24,305.04

	Year Ended 31 March 2015	Year Ended 31 March 2014
Note: 25		
FINANCE COSTS		
Interest expense		
On debentures	32,996.88	36,602.59
On term loans	25,064.56	19,064.93
On cash credit and working capital facilities	43,273.94	40,686.60
On others	301.55	304.95
Discount on commercial papers	16,751.11	15,952.35
Other borrowing costs	4,947.85	5,292.82
Mark-to-market (profit) / losses on derivative contracts	(42.32)	(197.06)
	123,293.57	117,707.18

	Year Ended 31 March 2015	Year Ended 31 March 2014
Note: 26		
PROVISIONS AND BAD DEBTS WRITTEN-OFF		
Bad debts written-off	16,957.01	11,117.98
Provision for non-performing assets	6,899.41	7,267.07
Contingent provision against standard assets	580.00	24.00
	24,436.42	18,409.05

	Year Ended 31 March 2015	Year Ended 31 March 2014
Note: 27		
OTHER EXPENSES		
Rent	1,783.15	1,562.07
Brokerage and commission	12,937.12	11,292.80
Rates and taxes	49.49	131.87
Insurance	94.39	120.03
Advertisement and publicity	520.99	723.14
Travelling and conveyance	2,748.57	2,169.12
Repairs and maintenance		
- machinery	222.10	646.78
- others	945.78	151.21
Payment to Directors		
- fees	14.43	13.91
- commission	143.35	158.35
Professional fees	2,019.74	1,741.37
Legal charges	1,568.46	1,417.18
Printing and stationery	631.80	570.56
Communication	1,325.30	1,146.49
Electricity charges	691.33	689.09
CSR expenditure	30.95	15.47
Loss on sale of fixed assets	52.53	26.40
Miscellaneous expenses	3,045.34	5,643.06
	28,824.82	28,218.90
Share of joint venture	55.24	43.45
	28,880.06	28,262.35

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

	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)	(1,230.82)	(1,423.04)	(211,769.30)
Result - Profit / (loss) before tax	21,921.99	318.46	108.53	22,348.98
	(20,927.47)	(-1230.82)	(71.53)	(19,768.18)
Other information				
Segment assets	1,450,177.96	30,518.33	7,551.69	1,488,247.98
	(1,288,079.37)	(21,786.84)	(7,949.80)	(1,317,816.01)
Segment liabilities	1,279,824.66	23,816.12	1,878.05	1,305,518.83
	(1,131,411.36)	(15,300.35)	(2,426.79)	(1,149,138.50)
Capital expenditure	7,648.05	59.94	-	7,707.99
	(2,482.28)	(66.45)	(-)	(2,548.73)
Depreciation and amortisation	3,046.46	-	410.48	3,456.94
	(2,805.27)	(-)	(512.23)	(3,317.50)
Non-cash expenses	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 finance, housing finance.

(b) General insurance - this includes general insurance business.

(c) Others - includes windmill and other allied activities.

(b) All the companies included in above reporting operate within India. Hence geographic segment is not applicable.

29 Lease transactions in the capacity of Lessee

Lease rental expense under non-cancellable operating lease during the year ended 31 March 2015 and 31 March 2014 amounted to ₹ 163.90 lacs and ₹ 191.10 lacs respectively. Future minimum lease payments under non-cancellable operating lease is as below:

Particulars	As at 31 March 2015	As at 31 March 2014
Not later than one year	70.72	100.75
Later than one year but not later than five years	175.16	47.96
Later than five years	128.44	42.83

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year amounts to ₹ 1,787.11 lacs (2014: ₹ 1,533.54 lacs) [share of joint venture ₹ 35.59 lacs (2014: ₹ 3.93 lacs)].

30 Earnings per share (EPS)

The computation of EPS is set out below:

		Particulars	Units	Year ended 31 March 2015	Year ended 31 March 2014
		Basic & Diluted			
a)	(i)	Weighted average number of equity shares (Face value of ₹ 2/- per share) for basic EPS	Nos.	190,289,119	190,056,650
	(ii)	Weighted average number of equity shares for diluted EPS [after considering 8.68 lacs shares (2014: 2.17 lacs shares) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	191,157,516	190,273,412
b)		Net profit after tax	₹ 'Lacs	18,066.74	15,182.87
c)		Less : Preference dividend including tax thereon	₹ 'Lacs	1,171.60	1,268.46
d)	(i)	Net profit for equity shareholders for basic EPS	₹ 'Lacs	16,895.14	13,914.41
e)	(ii)	Net profit for equity shareholders for diluted EPS	₹ 'Lacs	16,895.14	13,914.41
f)	(i)	Earnings per share (Face value of ₹ 2/- per share) - basic	₹	8.88	7.32
	(ii)	Earnings per share (Face value of ₹ 2/- per share) - diluted	₹	8.84	7.31

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Note: (₹ in Lacs)

31 Related party disclosures

(A) **Names of the related parties where control exists** — **Nature of relationship**

	Name	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)

(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)

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	-	-	-

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Note: (₹ 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
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	-	-	-
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 Cash flow statement

Due to the different methods of computing cash flows adopted by one of the joint venture carrying on the business of insurance, which is mandated by the Insurance Regulatory and Development Authority. consolidated cash flows for the year could be better viewed when summarised as follows:

	Year Ended 31 March 2015	Year Ended 31 March 2014
From operating activities	(45,404.69)	(50,228.32)
From investing activities	(3,604.03)	(17,962.38)
From financing activities	32,065.49	21,831.11
Net increase / (decrease) in cash and cash equivalents	(16,943.23)	(46,359.59)
Cash and cash equivalents as at the beginning of the year	41,203.00	87,562.59
Cash and cash equivalents as at the end of the year	24,259.77	41,203.00

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(₹ in Lacs)

Note:

33 Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities

		As at 31 March 2015	As at 31 March 2014
1	**Claims against the Company not acknowledged as debt**		
(i)	Income tax matters under dispute	16.74	4.48
(ii)	VAT matters under dispute	191.16	248.79
(iii)	Service tax matters under dispute	115.00	115.00
(iv)	Legal cases against the company *	185.34	258.25
2	**Guarantees**		
(i)	Recourse obligation in respect of securitised assets [net of cash collaterals of ₹ Nil (2014: ₹ 1,746.00 lacs)]	-	2,617.33
(ii)	Unexpired bank guarantee	43,924.68	44,963.60

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

(b) Commitments

		As at 31 March 2015	As at 31 March 2014
1	Estimated amount of contracts remaining to be executed on capital account and not provided for [share of joint venture ₹ 31.39 lacs (2014: ₹ 19.64 lacs)]	454.90	353.07
2	Redemption of preference shares (including premium)	9,950.40	11,672.44
3	Undisbursed housing / other loans	9,328.79	5,711.94

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

34 (a) Movement of provision for non-performing assets

	As at 31 March 2015	As at 31 March 2014
Provision for non-performing assets		
Balance as per last financial statements	12,770.80	5,503.73
Add: Provision made during the year	6,899.41	7,267.07
	19,670.21	12,770.80

(b) The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 9,982.38 lacs (2014: ₹ 8,734.14 lacs) as compared to the RBI requirement.

35 Disclosure required under Accounting Standard - 5 (Net profit or loss for the period, prior period items and changes in accounting policies)

Change in accounting estimate

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) on 10 November 2014 and the related notification dated 27 March 2015 (collectively referred to as 'the Framework') to address various matters including harmonization of asset classification and provisioning norms wherein the asset classification norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

(i) if they become overdue for 5 months for the financial year ending 31 March 2016;
(ii) if they become overdue for 4 months for the financial year ending 31 March 2017; and
(iii) if they become overdue for 3 months for the financial year ending 31 March 2018 and thereafter.

Currently, the Company classifies non-performing assets at 4 months default and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework.

Further, the Company has opted to align itself to the provisioning rates prescribed in the Framework effective from quarter ended 31 March 2015, on incremental NPAs as against the higher rates being followed by the Company till 31 December 2014. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

The aforesaid alignment of the provisioning rates, has resulted in a lower provision of ₹ 1,153.38 lacs for the year ended 31 March 2015.

Note: (₹ in Lacs)

36 **Insurance disclosure**

(a) The liability for IBNR claims including IBNER (excluding Declined Risk Pool) for the year ending 31st March 2015 has been estimated by the appointed actuary in compliance with guidelines issued by IRDA vide Circular No. 11/IRDA/ACTL/IBNR/2005-06. The appointed actuary has adopted the Ultimate Claim Ratio Method.

(b) Magma HDI General Insurance Company Limited ('MHDI'), a jointly controlled entity, has a solvency margin as at 31 March 2015 at 1.24 times, which is below 1.50 times as stipulated by Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of Insurers) Regulation, 2000 and subsequent circulars and orders. MHDI is taking necessary steps to increase the solvency margin to the required 1.50 times as per the regulatory requirement.

(c) The Appointed Actuary has certified the motor third party ultimate loss ratio of 133% as at 31 March 2015 which has been fully provided for in the books of accounts. MHDI has a motor third party (Stop Loss) XL reinsurance cover with HDI Gerling Welt Service AG ('HDI') for the motor portfolio for all policies issued upto 31 March 2015. As per the terms of reinsurance cover, HDI has agreed to indemnify the MHDI for losses incurred in aggregate which exceed an ultimate loss ratio of 119%, and upto 135%. Accordingly, ₹ 4,084.40 lacs, being the excess of third party ultimate loss liability on motor third party portfolio provided for in books of accounts over and above 119% as on 31 March 2015, against which reinsurance cover is available to MHDI, has been appropriately adjusted in claims liability.

37 **Derivative transaction**

The Company has recognised gain of ₹ 42.32 lacs (2014: ₹ 197.06 lacs) relating to derivative financial instrument. The Company does not have any unhedged foreign currency exposure.

38 Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) is given below:

(a) Financial information of subsidiaries (including step-down subsidiary) for the year ended 31 March 2015:

	Magma Advisory Services Limited	Magma Housing Finance	Magma ITL Finance Limited
Share capital	5,666.67	14,810.25	4,500.00
Reserves and surplus	16,340.82	7,037.08	10,812.49
Total assets	22,010.10	168,470.93	67,528.59
Total liabilities	22,010.10	168,470.93	67,528.59
Investments	21,973.83	-	2,049.20
Turnover / total income	290.70	19,206.43	14,640.32
Profit before taxation	8.02	1,643.94	2,865.59
Provision for taxation	2.67	583.64	327.82
Profit after taxation	5.35	1,060.30	2,537.77
Proposed dividend (including tax thereon)	0.43	-	-
% of shareholding (including investment through subsidiaries)	100%	100%	74%

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures as at 31 March 2015:

Name of joint ventures		Magma HDI General Insurance Company Limited*	Jaguar Advisory Services Private Limited
1 Shares of joint ventures held by the Company on the year end			
No. of shares	Nos.	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.

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Note:

(₹ in Lacs)

39 The Company's share of each of the assets, liabilities, income, expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are as follows:

	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	**3,701.13**	3,701.13
Reserves and surplus	**5,376.60**	5,160.19
Fair value change account	**1.34**	0.49
Current liabilities		
Trade payables	**599.87**	388.05
Other current liabilities	**15,780.16**	7,763.83
Short-term provisions	**7,999.31**	7,814.29
ASSETS		
Non-current assets		
Fixed assets	**177.51**	137.65
Deferred tax assets (net)	**563.10**	661.46
Non-current investment	**25,748.59**	18,613.44
Long-term loans and advances	**48.94**	24.00
Other non-current assets	**2,111.19**	2,302.64
Current assets		
Current investment	**2,467.01**	679.28
Cash and bank balances	**803.95**	1,234.27
Short-term loans and advances	**335.19**	73.04
Other current assets	**1,202.93**	1,102.20

	Year Ended 31 March 2015	Year Ended 31 March 2014
REVENUE		
Revenue from operations	**658.65**	640.38
Operating result from general insurance business	**(511.87)**	(1,848.89)
Other income	**229.17**	23.10
EXPENSE		
Other expenses	**55.24**	43.45

40 **Previous year's figure**

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 08 May 2015

Mayank Poddar
Chairman

Atul Bansal
Chief Financial Officer

Sanjay Chamria
Vice Chairman & Managing Director

Kailash Baheti
Chief Strategy Officer & Company Secretary

Kolkata, 08 May 2015

B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Magma Fincorp Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

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

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

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

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:
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Magma Fincorp Limited
Independent Auditors' Report *(continued)*

Auditors' Responsibility *(continued)*

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

Magma Fincorp Limited
Independent Auditors' Report ***(continued)***

Report on Other Legal and Regulatory Requirements ***(continued)***

(d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer note 30(a) to the financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 30(c) to the financial statements;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date: 8 May 2015

Magma Fincorp Limited

Annexure to the Independent Auditors' Report

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

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets acquired during the year.

b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of the physical verification is reasonable having regards to the size of the Company and the nature of its assets.

(ii) The Company is a Non-Banking Finance Company, primarily engaged in asset financing. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) (a) The Company has granted loans to two bodies corporate covered in the register maintained under section 189 of the Companies Act. 2013 ('the Act').

b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal amount and interest as stipulated.

c) There are no overdue amounts of more than rupees one lac in respect of the loan granted to the bodies corporate listed in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

(v) The Company has not accepted any deposits from the public, except for deposits taken over by way of merger in the year ended 31 March 2007. In our opinion, and according to the information and explanations given to us. the Company has complied with the provisions of Section 73 to Section 76 or other relevant provisions of the Act, the rules framed there under and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of sale of power generated from windmills and are of the opinion that prima facie. the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the other services rendered by the Company.

Magma Fincorp Limited

Annexure to the Independent Auditors' Report *(continued)*

(vii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, service-tax, value added tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities *except for delays with respect to deposit of professional tax with appropriate authorities awaiting registration.* As explained to us, the Company did not have any dues on account of sales tax, customs duty and excise duty.

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

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

Name of the Statute	Nature of the Dues	Amount (Rs. lacs)	Period to which the amount relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service tax demanded	115.00	2002 – 2003 to 2006 – 2007	CESTAT, EZB, Kolkata
Chapter V of the Finance Act, 1994	Service tax demanded	60.49	2002-03 to 2006-07	CESTAT, EZB, Kolkata
West Bengal Value Added Tax Act, 2003	VAT demanded	6.86	2008 – 2009	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT demanded	7.21	2009-2010	West Bengal Commercial Taxes Appellate and Revisional Board
Rajasthan Value Added Tax Act 2003	VAT demanded	24.14	2006 -07 to 2012-13 (till July 2012)	Tax Board, Rajasthan

Magma Fincorp Limited

Annexure to the Independent Auditors' Report *(continued)*

Name of the Statute	Nature of the Dues	Amount (Rs. lacs)	Period to which the amount relates	Forum where dispute is pending
Jharkhand, Value Added Tax Act, 2005	VAT demanded	19.42	2006 – 2007 to 2009 – 2010	Sales Tax Tribunal, Jharkhand, Ranchi
Madhya Pradesh Value Added Tax Act, 2002	VAT demanded	133.75	2008 – 2009 and 2009-2010	Madhya Pradesh High Court, Jabalpur
Orissa Value Added Tax Act, 2004	VAT demanded	57.41	1 April 2007 to 30 September 2012	Sales Tax Tribunal, Orissa

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

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

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

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

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

Magma Fincorp Limited

Annexure to the Independent Auditors' Report *(continued)*

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

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

Akeel Master
Partner
Membership Number: 046768

Place: Mumbai
Date: 8 May 2015

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Note No.	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	13,508.92	15,224.84
Reserves and surplus	4	134,546.62	122,599.31
		148,055.54	137,824.15
Non-current liabilities			
Long-term borrowings	5	288,173.32	277,455.80
Deferred tax liabilities (net)	6	1,465.41	3,655.74
Long-term provisions	7	19,794.61	13,150.75
		309,433.34	294,262.29
Current liabilities			
Short-term borrowings	8	544,405.49	465,507.46
Trade payables	9	19,891.13	22,933.38
Other current liabilities	10	205,134.19	206,949.58
Short-term provisions	11	4,254.99	4,322.17
		773,685.80	699,712.59
Total		**1,231,174.68**	1,131,799.03
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	17,193.91	15,422.59
- Intangible assets	12	2,341.35	281.55
- Capital work-in-progress		805.67	2,505.11
		20,340.93	18,209.25
Non-current investments	13	16,944.65	22,437.32
Long-term loans and advances	14		
- Assets on finance		717,715.30	598,217.84
- Others		1,951.61	7,426.16
Other non-current assets	15	9,815.78	14,675.02
		766,768.27	660,965.59
Current assets			
Current investments	16	7,198.08	9,640.61
Trade receivables	17	752.11	1,550.52
Cash and bank balances	18	56,595.17	69,542.35
Short-term loans and advances	19		
- Assets on finance		384,002.59	375,224.87
- Others		6,564.15	5,382.16
Other current assets	20	9,294.31	9,492.93
		464,406.41	470,833.44
Total		**1,231,174.68**	1,131,799.03
Significant accounting policies	2		
Notes to the financial statements	3 - 45		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Akeel Master
Partner
Membership No. 046768
Mumbai, 08 May 2015

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer & Company Secretary
Kolkata, 08 May 2015

Statement of Profit and Loss

MAGMA FINCORP LIMITED

(₹ in Lacs)

	Note no.	**Year ended 31 March 2015**	Year ended 31 March 2014
REVENUE			
Revenue from operations	21	201,877.45	184,677.78
Other income	22	2,717.80	2,907.04
Total revenue		**204,595.25**	187,584.82
EXPENSE			
Employee benefits expense	23	28,969.74	21,309.13
Finance costs	24	106,144.01	105,516.19
Depreciation and amortisation expense	12	3,451.50	3,314.00
Provisions and bad debts written-off	25	22,255.61	16,143.18
Other expenses	26	26,263.67	23,462.69
Total expense		**187,084.53**	169,745.19
Profit before tax		**17,510.72**	17,839.63
Tax expense:			
Current tax - current year		4,580.00	6,250.00
- earlier year		166.70	(8.48)
Deferred tax		(2,142.73)	(1,959.21)
Profit after tax		**14,906.75**	13,557.32
Earnings per equity share			
(Nominal value of ₹ 2/- each fully paid up):			
Basic (in ₹)		7.22	6.47
Diluted (in ₹)		7.19	6.46
Significant accounting policies	2		
Notes to the financial statements	3 - 45		

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 08 May 2015

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer & Company Secretary
Kolkata, 08 May 2015

Cash Flow Statement

MAGMA FINCORP LIMITED

(₹ in Lacs)

		Year ended 31 March 2015		Year ended 31 March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		17,510.72		17,839.63
Adjustments for :				
Depreciation and amortisation expense	3,451.50		3,314.00	
Interest expense	88,692.69		85,724.08	
Provision for non-performing assets	6,302.82		6,495.20	
Contingent provision against standard assets	290.00		(90.00)	
Loss on sale of fixed assets (net)	52.53		17.63	
Employee share based compensation expense	3.06		63.02	
Discount on commercial papers	13,087.60		15,205.34	
Mark-to-market profit on derivative contracts	(42.32)	111,837.88	(197.06)	110,532.21
Operating cash flow before working capital changes		**129,348.60**		128,371.84
Adjustments for :				
Trade and other receivables	4,959.11		111.53	
Assets on finance	(128,552.17)		3,954.24	
Other bank balances	7,981.86		(1,418.74)	
Trade payables and other liabilities	(1,231.64)	(116,842.84)	35.23	2,682.26
Cash from operations		**12,505.76**		131,054.10
Taxes paid (net)		(4,172.12)		(5,054.09)
Net cash from operating activities (A)		**8,333.64**		126,000.01
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital work-in-progress)	(5,901.05)		(4,115.93)	
Proceeds from sale of fixed assets	125.34		16.62	
Purchase of non-current investments	7,935.20		(3,533.72)	
Net cash from / (used in) investing activities (B)		**2,159.49**		(7,633.03)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Payments for redemption of non-convertible preference shares	(1,722.04)		(6,312.04)	
Increase / (decrease) in borrowings (net)*	75,836.39		(75,900.94)	
Proceeds from issue of equity shares including securities premium (net)	140.73		58.75	
Interest paid	(91,225.49)		(84,354.15)	
Dividend paid (including tax thereon)	(3,103.18)		(3,065.50)	
Net cash used in financing activities (C)		**(20,073.59)**		(169,573.88)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(9,580.46)		(51,206.90)
Cash and cash equivalents as at the beginning of the year		32,579.13		83,786.03
Cash and cash equivalents as at the end of the year		**22,998.67**		32,579.13
CASH AND CASH EQUIVALENTS (Note 18)				
Cash in hand		5,689.50		5,944.62
Balances with banks				
In current and cash credit accounts		17,158.79		26,634.51
In deposit accounts with maturity of less than three months		150.38		-
		22,998.67		32,579.13

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Akeel Master
Partner
Membership No. 046768
Mumbai, 08 May 2015

Mayank Poddar
Chairman

Atul Bansal
Chief Financial Officer

Sanjay Chamria
Vice Chairman & Managing Director

Kailash Baheti
Chief Strategy Officer & Company Secretary

Kolkata, 08 May 2015

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.

Chartered Accountants

Note: 2

(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.

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Note: 2

(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.

Note: 2

(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.

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(₹ in Lacs)

		As at 31 March 2015	As at 31 March 2014
Note: 3			
SHARE CAPITAL			
Authorised			
265,000,000	(2014: 265,000,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
54,300,000	(2014: 54,300,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
		59,600.00	59,600.00
Issued, subscribed and paid-up			
Equity share capital			
190,425,875	(2014: 190,119,975) Equity shares of ₹ 2/- each, fully paid up.	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 fifth & final annual installments of ₹ 20/- each per share). Allotted at par on 17 February 2006 and redeemable at par in five equal annual installments starting at the end of 5 years from the date of allotment i.e. 17 February 2011 till all the preference shares are redeemed which is at the end of 9th year from the date of allotment i.e. 17 February 2015.	-	421.84
6,500,999	(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 ₹ 40/- on redemption of three annual installments of ₹ 20/- each per share). Allotted at par on 26 March 2007 and redeemable at par in US Dollar over five equal annual installments of US Dollar 3 million each, for the first time on 1 April 2012 until all preference shares are redeemed i.e. 1 April 2016.	2,600.40	3,900.60
1,000,000	(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 redeemable at the end of 5 years i.e. 19 June 2015 along with a redemption premium equal to 25% of the consideration.	1,000.00	1,000.00
2,500,000	(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 redeemable at par at the end of 5 years i.e. 30 June 2015.	2,500.00	2,500.00
3,600,000	(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 redeemable at par at the end of 3 years i.e. 11 November 2015.	3,600.00	3,600.00
		13,508.92	15,224.84

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

	As at 31 March 2015		As at 31 March 2014	
	No. of shares	**Amount**	No. of shares	Amount
Equity shares				
Opening balance	190,119,975	3,802.40	189,956,775	3,799.14
Equity shares issued on exercise of ESOPs during the year	305,900	6.12	163,200	3.26
Closing balance	**190,425,875**	**3,808.52**	190,119,975	3,802.40
Preference shares (Cumulative non-convertible redeemable)				
Opening balance	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)	-	(1,300.20)	-	(1,300.20)
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	**13,600,999**	**9,700.40**	15,710,198	11,422.44

(₹ in Lacs)

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.

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	%	No. of shares	%	No. of shares
Equity shares				
Microfirm Capital Private Limited	17.86	34,015,928	17.89	34,015,928
Celica Developers Private Limited	15.46	29,434,455	15.48	29,434,455
Zend Mauritius VC Investments, Limited	14.10	26,854,375	14.12	26,854,375
International Finance Corporation	12.08	23,000,000	12.10	23,000,000
Lavender Investments Limited	9.90	18,851,431	9.63	18,301,431
India Capital Fund Limited	4.82	9,180,190	5.12	9,736,294
Preference shares (Cumulative non-convertible redeemable)				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	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

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(₹ in Lacs)

Employee stock options

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

MESOP, 2007

Under MESOP, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors The options generally vest in a graded manner over a five year period and are exercisable till the grantee remains an employee of the Company. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March 2011, the number of options increased from 1,000,000 to 5,000,000.

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

	Year ended 31 March 2015	Year ended 31 March 2014
Outstanding options at the beginning of the year	1,342,400	1,112,900
Granted during the year	20,000	400,000
Exercised during the year	305,900	163,200
Lapsed during the year	420,000	7,300
Forfeited during the year	-	-
Outstanding options at the end of the year	**636,500**	1,342,400
Options vested and exercisable at the end of the year	96,500	267,400

MRSOP, 2014

Under MRSOP, the Company provided for the creation and issue of 5,000,000 option, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Board of Directors and at the exercise price of the face value of ₹ 2/- each. The options will vest in a graded manner and are exercisable till the grantee remains an employee of the Company.

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

	Year ended 31 March 2015	Year ended 31 March 2014
Outstanding options at the beginning of the year	-	-
Granted during the year	650,000	-
Exercised during the year	-	-
Lapsed during the year	50,000	-
Forfeited during the year	-	-
Outstanding options at the end of the year	**600,000**	-
Options vested and exercisable at the end of the year	-	-

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

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

(₹ in Lacs)

Equity shares reserved for issue under options

	No. of shares granted	Exercise price	As at 31 March 2015 No. of shares	As at 31 March 2015 Amount	As at 31 March 2014 No. of shares	As at 31 March 2014 Amount
Under MESOP 2007:						
Tranche I	1,754,000	36.00	14,000	28,000	192,400	384,800
Tranche II	250,000	60.00	152,500	305,000	250,000	500,000
Tranche III	50,000	60.00	35,000	70,000	50,000	100,000
Tranche IV	300,000	60.00	-	-	300,000	600,000
Tranche V	150,000	60.00	65,000	130,000	150,000	300,000
Tranche VI	50,000	60.00	50,000	100,000	50,000	100,000
Tranche VII	50,000	60.00	-	-	50,000	100,000
Tranche VIII	175,000	60.00	175,000	350,000	175,000	350,000
Tranche IX	125,000	60.00	125,000	250,000	125,000	250,000
Tranche X	20,000	60.00	20,000	40,000	-	-
Under MRSOP 2014:						
Tranche I	650,000	2.00	600,000	1,200,000	-	-

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

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

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

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 4		
RESERVES AND SURPLUS		
Capital reserve	**457.98**	457.98
Capital redemption reserve	**1,421.84**	1,421.84
Securities premium reserve		
Opening balance	67,412.88	68,924.01
Add: On equity shares issued on exercise of ESOPs during the year	167.79	78.87
Less: On preference share redeemed during the year	-	1,590.00
	67,580.67	67,412.88
Employee share option outstanding		
Gross employee share compensation cost for options granted in earlier years	103.99	64.35
Less: Transferred to securities premium reserve on allotment of shares	33.18	23.38
Add: Deferred employee compensation cost	3.06	63.02
	73.87	103.99
Amalgamation reserve account	**106.48**	106.48
Statutory reserve		
(created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	15,120.00	12,368.15
Add: Transfer from surplus in the statement of profit and loss	2,990.00	2,751.85
	18,110.00	15,120.00
General reserve		
Opening balance	8,100.00	6,734.50
Add: Transfer from surplus in the statement of profit and loss	1,502.40	1,365.50
Less: Transferred to depreciation reserve (net of amount transferred to deferred tax liability ₹ 47.60 Lacs) (Note 12)	92.40	-
	9,510.00	8,100.00
Surplus (balance in the statement of profit and loss)		
Opening balance	29,876.14	23,483.66
Profit for the year	14,906.75	13,557.32
Amount available for appropriations	**44,782.89**	37,040.98
Appropriations		
Proposed dividend on preference shares	973.16	1,083.85
Tax on proposed preference dividend as above	198.01	184.19
Proposed dividend on equity shares	1,523.41	1,520.96
Tax on proposed equity dividend as above	310.13	258.49
Transfer to statutory reserve	2,990.00	2,751.85
Transfer to general reserve	1,502.40	1,365.50
	37,285.78	29,876.14
	134,546.62	122,599.31

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(₹ in Lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Note: 5			
LONG-TERM BORROWINGS			
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	79,750.00	103,610.00
		79,750.00	103,610.00
Unsecured			
Subordinated non-convertible perpetual debentures (Tier I capital)		10,550.00	10,550.00
Subordinated redeemable non-convertible debentures (Tier II capital)		77,930.00	74,350.00
		88,480.00	84,900.00
Term loan			
Secured *			
from banks	(b) and (c)	92,977.59	48,740.65
from others (financial institutions)	(b) and (c)	26,965.73	40,205.15
		119,943.32	88,945.80
		288,173.32	277,455.80
* Aggregate of loans guaranteed by Director (including current maturities)		1,862.30	2,395.20

Nature of security

(a) Debentures are secured by mortgage of Company's immovable property situated at (i) Village - Mehrun, Taluk and District - Jalgaon in the state of Maharastra, and (ii) Rajarhat, Kolkata in the state of West Bengal and are also secured against designated Assets on finance/loan.

(b) Term loans from Banks / Financial Institutions are secured by hypothecation of designated Assets on finance/loan and future rentals receivable therefrom.

(c) Term loans related to wind mills owned by the Company are secured by means of mortgage of the wind mills, assignment of the related receivables, and a bank guarantee in favour of the lending institution alongwith personal guarantee of a Director.

Details of debentures

Secured redeemable non-convertible debentures

Maturity schedule	Interest rate range*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
3 - 5 Years	-	-	-	20,000.00	-
1 - 3 Years	9.50 % - 11.50%	79,750.00	-	83,610.00	-
0 - 1 Years	10.01 % - 11.20%	-	63,860.00	-	109,500.00
		79,750.00	**63,860.00**	103,610.00	109,500.00

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

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

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

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(₹ in Lacs)

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

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

Terms of repayment of term loans

(₹ in Lacs)

Repayment terms	Interest terms	As at 31 March 2015 Long-term	As at 31 March 2015 Current maturities	As at 31 March 2014 Long-term	As at 31 March 2014 Current maturities
Monthly	Fixed	34.30	18.90	21.98	13.79
Monthly	Floating	3,888.65	6,888.27	10,777.48	10,222.26
Quarterly	Fixed	1,329.40	532.90	1,862.30	532.90
Quarterly	Floating	107,548.11	47,736.08	46,284.04	16,235.90
Half yearly	Floating	7,142.86	2,857.14	30,000.00	-
		119,943.32	58,033.29	88,945.80	27,004.85

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

* Interest rate as at 31 March 2015

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

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

	As at 31 March 2015	As at 31 March 2014
Note: 7		
LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	713.75	632.71
Other provisions		
Provision for non-performing assets	17,140.86	10,838.04
Contingent provision against standard assets (Tier II capital)	1,940.00	1,680.00
	19,794.61	13,150.75

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 8		
SHORT-TERM BORROWINGS		
Commercial papers		
Unsecured		
Face value	50,000.00	42,700.00
Less: Unmatured discounting charges	448.49	480.21
	49,551.51	42,219.79
Loans from banks		
Secured*		
Cash credit facilities	144,854.24	153,287.67
Working capital demand loans	349,999.74	270,000.00
	494,853.98	423,287.67
	544,405.49	465,507.46

Details of unsecured commercial papers

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

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

Details of cash credit facilities and working capital demand loans

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

*** Nature of security**

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

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 9		
TRADE PAYABLES		
Due to micro and small enterprises *	-	-
Due to others	19,891.13	22,933.38
	19,891.13	**22,933.38**

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

	As at 31 March 2015	As at 31 March 2014
Note: 10		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (Note 5)	139,813.29	140,504.85
Interest accrued but not due on borrowings	12,597.05	15,129.85
Unpaid dividend #	24.50	21.16
Unclaimed matured deposits and interest accrued thereon *	0.26	2.48
Other liabilities		
Temporary book overdraft	9,077.56	8,369.03
Advances and deposits from customers	6,655.43	6,419.18
Statutory liabilities	737.61	586.95
Director's commission payable	150.00	150.00
Pending remittance on assignment	30,868.04	31,381.28
Other payables	5,210.45	4,384.80
	205,134.19	**206,949.58**

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

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile 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.

	As at 31 March 2015	As at 31 March 2014
Note: 11		
SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	73.78	69.15
Other provisions		
Contingent provision against standard assets (Tier II capital)	1,180.00	1,150.00
Proposed dividend (including tax thereon)	3,001.21	3,103.02
	4,254.99	**4,322.17**

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Note: 12

FIXED ASSETS

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

(₹ in Lacs)

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

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

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

Note: 12 (continued)

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	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.

B S R & CO. LLP
Chartered Accountants

	As at 31 March 2015	As at 31 March 2014
		(₹ in Lacs)
Note: 13		
NON-CURRENT INVESTMENTS		
Other investment (at cost) (Note 42)		
Investment in equity shares		
Quoted (fully paid-up of ₹ 10/- each)	8.31	8.31
Unquoted (fully paid-up of ₹ 10/- each)		
In subsidiary	9,329.94	9,329.94
In joint venture	2,602.20	2,602.20
In others	450.43	450.43
Investment in government securities		
Unquoted (pledged with sales tax authorities)	0.16	0.16
Others		
In pass through certificates *	4,589.19	10,081.86
	16,980.23	22,472.90
Aggregate provision for diminution in value of investments	(35.58)	(35.58)
	16,944.65	22,437.32

Aggregate book value of quoted investments	8.31	8.31
Aggregate market value of quoted investments	5.55	4.58
Aggregate book value of unquoted investments	16,971.92	22,464.59

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

	As at 31 March 2015	As at 31 March 2014
Note: 14		
LONG-TERM LOANS AND ADVANCES		
Assets on finance*		
Secured, considered good	625,004.85	549,648.09
Secured, considered doubtful	26,830.43	6,966.03
Unsecured, considered good	65,880.02	41,603.72
	717,715.30	598,217.84
Others		
Unsecured, considered good		
Capital advances	20.26	14.07
Loans to staff	113.30	55.93
Loans and advances to related parties (Note 36)	179.60	4,661.28
Tax advances and deduction at source	818.93	1,393.51
[Net of Provision for tax aggregating ₹ 4,637.85 lacs (2014: ₹ 6,341.11 lacs)]		
Security deposits	819.52	813.59
Other loans and advances		
Margin with body corporate	-	487.78
	1,951.61	7,426.16
Unsecured, considered doubtful		
Other loans and advances		
Advances recoverable in cash or kind or for value to be received	212.00	150.00
Less: Provision against loans and advances	212.00	150.00
	-	-
	719,666.91	605,644.00

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

B S R & Co. LLP 1st Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400 011. India. Chartered Accountants

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 15		
OTHER NON-CURRENT ASSETS		
Others		
Non-current bank balances*	326.27	4,941.41
Unamortised borrowings costs	1,595.15	1,680.00
Unamortised loan origination costs (net)	7,620.59	7,696.46
Gratuity (excess of plan assets over obligation)	273.77	357.15
	9,815.78	14,675.02

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

	As at 31 March 2015	As at 31 March 2014
Note: 16		
CURRENT INVESTMENTS		
Other investment (Note 42)		
Others (at cost)		
In pass through certificates (Note 13)	7,198.08	9,640.61
	7,198.08	9,640.61
Aggregate book value of unquoted investments	7,198.08	9,640.61

	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	-	-
Other debts	752.11	1,550.52
	752.11	1,550.52

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 18		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	5,689.50	5,944.62
Balances with banks		
In current and cash credit accounts	17,158.79	26,634.51
In deposits with original maturity of 3 months or less	150.38	-
	22,998.67	32,579.13
Other bank balances *		
In unpaid dividend account	24.50	21.16
In deposits with original maturity of 3 months or less	6,029.71	3,096.91
In deposits with original maturity of more than 3 months to 12 months	20,784.37	24,136.53
Current maturities of deposits with original maturity of more than 12 months	6,757.92	9,708.62
	33,596.50	36,963.22
	56,595.17	69,542.35

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

	As at 31 March 2015	As at 31 March 2014
Note: 19		
SHORT-TERM LOANS AND ADVANCES		
Asset on finance		
Secured, considered good	314,411.82	317,781.35
Unsecured, considered good	69,590.77	57,443.52
	384,002.59	375,224.87
Others		
Unsecured, considered good		
Loan and advances to related parties (Note 36)	537.25	380.24
Other loans and advances		
Loans to staff	191.45	214.15
Advances recoverable in cash or kind or for value to be received	3,546.23	2,275.86
Prepaid expenses	606.70	614.96
Margin with body corporate	78.87	-
Balances with statutory / government authorities	1,603.65	1,896.95
	6,564.15	5,382.16
	390,566.74	380,607.03

	As at 31 March 2015	As at 31 March 2014
Note: 20		
OTHER CURRENT ASSETS		
Others		
Accrued interest / financial charges	211.66	317.32
Unamortised borrowings costs	1,253.45	1,807.97
Unamortised loan origination costs (net)	7,813.19	7,346.36
Others	16.01	21.28
	9,294.31	9,492.93

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(₹ in Lacs)

	Year ended 31 March 2015	Year Ended 31 March 2014
Note: 21		
REVENUE FROM OPERATIONS		
Interest / finance income		
On assets on finance	174,300.63	160,221.89
On securitisation and assignment of loans	9,452.65	8,966.65
On pass through certificates	878.56	1,104.69
On fixed deposits	3,641.24	3,744.77
On loans and margins	1,731.70	1,918.34
	190,004.78	175,956.34
Other financial income		
Lease rentals	529.71	77.60
Collection and support services	7,524.77	5,770.73
Others	3,818.19	2,873.11
	11,872.67	8,721.44
	201,877.45	184,677.78

	Year ended 31 March 2015	Year Ended 31 March 2014
Note: 22		
OTHER INCOME		
Sale of power	1,043.76	1,148.44
Insurance commission	1,116.35	924.84
Rental income	2.67	2.67
Bad debt recovered	553.10	824.65
Miscellaneous income	1.92	6.44
	2,717.80	2,907.04

	Year ended 31 March 2015	Year Ended 31 March 2014
Note: 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	26,827.98	19,492.94
Contribution to provident and other funds	1,213.16	767.37
Employee share based compensation expense	3.06	63.02
Staff welfare expenses	925.54	985.80
	28,969.74	21,309.13

(₹ in Lacs)

	Year ended 31 March 2015	Year Ended 31 March 2014
Note: 24		
FINANCE COSTS		
Interest expense		
On debentures	30,941.44	34,473.03
On term loans	16,791.91	12,873.98
On cash credit and working capital facilities	40,942.32	38,211.32
On others	17.02	165.75
Discount on commercial papers	13,087.60	15,205.34
Other borrowing costs	4,406.04	4,783.83
Mark-to-market (profit) / losses on derivative contracts (Note 35(c))	(42.32)	(197.06)
	106,144.01	105,516.19

	Year ended 31 March 2015	Year Ended 31 March 2014
Note: 25		
PROVISIONS AND BAD DEBTS WRITTEN-OFF		
Bad debts written-off	15,662.79	9,737.98
Provision for non-performing assets	6,302.82	6,495.20
Contingent provision against standard assets	290.00	(90.00)
	22,255.61	16,143.18

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

Note:

(₹ in Lacs)

27 Employee benefits

Gratuity benefit plan

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

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

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

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

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

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

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

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

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

(e) Summary of actuarial assumptions

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

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

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

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

(i) **Experience adjustments**

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

Note:

(₹ in Lacs)

28 Lease transactions in the capacity of Lessee

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

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

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

29 Earnings per share (EPS)

The computation of EPS is set out below:

Particulars			Units	Year ended 31 March 2015	Year ended 31 March 2014
		Basic & Diluted			
(a)	(i)	Weighted average number of equity shares (Face Value of ₹ 2/- per share) for Basic EPS	Nos.	190,289,119	190,056,650
	(ii)	Weighted average number of equity shares for diluted EPS [after considering 8.68 lacs shares (2014: 2.17 lacs) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	191,157,516	190,273,412
(b)		Net profit after tax	₹ 'Lacs	14,906.75	13,557.32
(c)		Less : Preference dividend including tax thereon	₹ 'Lacs	1,171.17	1,268.04
(d)	(i)	Net profit for equity shareholders for basic EPS	₹ 'Lacs	13,735.58	12,289.28
	(ii)	Net profit for equity shareholders for diluted EPS	₹ 'Lacs	13,735.58	12,289.28
(e)	(i)	Earning per share (face value of ₹ 2/- per share) – Basic	₹	7.22	6.47
	(ii)	Earning per share (face value of ₹ 2/- per share) – Diluted	₹	7.19	6.46

30 Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities

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

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

(b) Commitments

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

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

Note:

(₹ in Lacs)

31 Payments to auditors (included in Professional fees)

Particulars	Year Ended 31 March 2015	Year Ended 31 March 2014
Audit fees	**32.00**	30.00
Limited review of quarterly results	**21.00**	21.00
Other services	**-**	1.00
Reimbursement of expenses	**9.92**	12.31
Total	**62.92**	64.31

32 Loans and advances to subsidiary / step down subsidiary Company

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.

33 Additional notes

(a) C.I.F. value of imports of goods acquired for asset financing arrangements ₹ Nil (2014: ₹ 132.66 lacs).

(b) Earnings in foreign currency ₹ Nil (2014: ₹ Nil).

(c) Expenditure in foreign currency on account of professional fees, travelling and others ₹ 76.54 lacs (2014: ₹ 57.58 lacs).

(d) Dividend remitted in foreign currency

Particulars	Paid in 31 March 2015	Paid in 31 March 2014
Preference shares		
Year to which the dividend relates	**2013-14**	2012-13
Number of shareholder	**1**	1
Number of shares held	**8,610,198**	8,610,198
Amount remitted (₹ lacs)	**290.93**	402.31

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

(b) Commissioner of service tax had issued a show cause notice dated 7 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile 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.

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

Note: (₹ in Lacs)

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014

(a) Capital

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

(b) Investments

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

(c) Derivative

1 Forward Rate Agreement / Interest rate Swap

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

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

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

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	-	-

Note: (₹ in Lacs)

(d) Disclosures relating to Securitisation

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

Particulars	As at 31 March 2015	As at 31 March 2014
1 No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions *	31	26
2 Total amount of securitised assets as per books of the SPVs sponsored	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	21,315.76	18,288.33
Others	11,787.25	19,722.47
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	28,315.35	23,129.35
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	18,922.94	28,230.04
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

* Only the SPVs relating to outstanding securitisation transactions are reported here.

** The above figures are being reported based on certificate issued by the auditors of the SPV, as required by revised guidelines on transfer of assets through securitisation.

(ii) Accounting for Excess Interest Spread (EIS)

The Company recognises EIS on securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012 which requires recognition of EIS only when redeemed in cash. Accordingly, the gross income on securitisation and assignment of loans aggregating to ₹ 2,498.16 lacs for the year ended 31 March 2015 (2014: ₹ 7,292.85 lacs) has not been recognised.

(iii) The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on 21 August 2012 is given below:

Particulars	As at 31 March 2015		As at 31 March 2014	
	Non-current	Current	Non-current	Current
1 Excess interest spread receivable	4,475.80	9,082.96	8,232.96	12,821.59
2 Unrealised gain on securitisation transactions	4,475.80	9,082.96	8,232.96	12,821.59

(iv) Additional income tax on income distributed by Securitisation Trusts

In the Finance Act, 2013, a new provision has been introduced w.e.f. 1 June 2013 in respect of 'Tax on Distributed Income by Securitisation Trusts' ('SDT'). The income so received is exempt in the hands of the Company. During the year, the income amounting to ₹ 10,030.69 lacs (2014: ₹ 5,302.98 lacs) has been received by the Company as an investor after withholding SDT of ₹ 3,409.43 lacs (2014: ₹ 1,802.48 lacs).

2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

The Company has not sold any financial assets to securitisation / reconstruction company during the financial year ended 31 March 2015 and 31 March 2014.

Note: (₹ in Lacs)

3 Details of Assignment transactions undertaken by NBFCs

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
(i) No. of accounts	73,278	90,810
(ii) Aggregate value (net of provisions) of accounts sold	298,674.50	227,842.00
(iii) Aggregate consideration	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	-

4 Details of non-performing financial assets purchased / sold

a) Details of non-performing financial assets purchased:

The Company has not purchased any non-performing financial assets during the financial year ended 31 March 2015 and 31 March 2014.

b) Details of Non-performing Financial Assets sold:

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
(i) No. of accounts sold	1,313	-
(ii) Aggregate outstanding *	5,159.08	-
(iii) Aggregate consideration received	5,005.78	-

* net of provisions

(e) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

	1day to 30/31days (1 month)	Over 1 Months upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Deposits taken	-	-	-	-	-	-	-	-	-
Advances	80,519.56	29,482.97	32,007.94	85,041.20	163,515.06	457,825.22	153,114.96	108,726.74	1,110,233.65
Investments	641.75	625.45	694.19	2,023.61	3,213.08	4,371.64	217.54	12,355.47	24,142.73
Borrowings**	90,332.09	21,553.91	43,067.10	77,599.49	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.

** 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 10).

(f) Exposures

1 Exposure to real estate sector

Category	As at 31 March 2015	As at 31 March 2014
(i) Direct exposure		
A. Residential Mortgages	77,265.29	49,472.25
B. Commercial Real Estate	32,799.62	13,444.52
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential,	-	-
b. Commercial Real Estate.	-	-
(ii) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

2 Exposure to Capital Market

Particulars	As at 31 March 2015	As at 31 March 2014
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	8.31	8.31
Total Exposure to Capital Market	**8.31**	**8.31**

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Note: (₹ in Lacs)

3 **Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2015 and 31 March 2014

4 **Unsecured Advances**

Particulars	As at 31 March 2015 Non-Current	As at 31 March 2015 Current maturities	As at 31 March 2014 Non-Current	As at 31 March 2014 Current maturities
1 Unsecured Advances	65,880.02	69,590.77	41,603.72	57,443.52

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended 31 March 2015 and 31 March 2014.

(g) **Registration obtained from other financial sector regulators.**

Regulator	Registration No.	Date of Registration
1 Ministry of Corporate Affairs	U51504WB1978PLC031813	18 December 1978
2 Insurance Regulatory and Development Authority	Corporate agent licence no. MHI 9269978	18 December 2012

(h) **Details of penalties imposed by RBI and other regulators**

No penalties has been imposed by RBI and other regulators on the Company during the financial year ended 31 March 2015 and 31 March 2014.

(i) **Details of Ratings assigned by credit rating agencies and migration of ratings during the year**

Nature		Date of Rating Assigned	Rating Assigned	Previous Rating 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+

j) **Remuneration of non-executive Directors**

Name of directors	Nature of payment	Year Ended 31 March 2015	Year Ended 31 March 2014
1 Mr. Neil Graeme Brown	Sitting Fees	2.20	2.60
	Commission	30.00	30.00
2 Mr. Narayan K Seshadri	Sitting Fees	3.00	2.60
	Commission	65.00	45.00
3 Mr. Nabankur Gupta	Sitting Fees	1.60	1.80
	Commission	25.00	30.00
4 Mr. Kailash Nath Bhandari	Sitting Fees	0.20	0.80
	Commission	15.00	15.00
5 Mr. Satya Brata Ganguly	Sitting Fees	4.70	4.10
	Commission	15.00	15.00
6 Mr. Sanjay Nayar	Sitting Fees	1.60	1.20
7 Mrs. Ritva Kaarina Laukkanen	Sitting Fees	0.20	-

(k) **Provisions and Contingencies**

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	Year Ended 31 March 2015	Year Ended 31 March 2014
Under "Provisions and bad debts written-off"		
1 Provision for standard assets	290.00	(90.00)
2 Provision for non-performing assets	6,302.82	6,495.20
Under "Tax expenses"		
1 Provision made towards income tax (includes deferred tax)	2,603.97	4,282.31
Under "Employee Benefit Expenses"		
1 Provision for compensated absences	497.94	309.04

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Note: (₹ in Lacs)

(l) Concentration of Deposits, Advances, Exposures and NPAs

1 Concentration of Exposures

Particulars	As at 31 March 2015
Total advances to twenty largest borrowers	40,378.17
Percentage of advances to twenty largest borrowers to total advances	*3.7*

2 Concentration of Exposures

Particulars	As at 31 March 2015
Total exposure to twenty largest borrowers/ customers	40,378.17
Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	*3.7*

3 Concentration of NPAs

Particulars	As at 31 March 2015
Total exposure to top four NPA accounts	1,472.56

4 Sector-wise NPAs

Sector	% of NPAs to Total Advances in that sector
(i) Agriculture & allied activities	*8.7*
(ii) MSME	*1.5*
(iii) Corporate borrowers*	-
(iv) Services	*11.3*
(v) Unsecured personal loans	-
(vi) Auto loans	*7.1*
(vii) Other personal loans	*2.0*

* Corporate borrowers is included in the respective sector

(m) Movement of NPAs

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
i) Net NPAs to Net Advances (%)	**6.1%**	4.7%
ii) Movement of NPAs (Gross)		
a) Opening balance	**55,915.42**	21,205.41
b) Additions during the year	**48,876.12**	44,718.17
c) Reductions during the year	**21,786.48**	10,008.16
d) Closing balance	**83,005.06**	55,915.42
iii) Movement of Net NPAs		
a) Opening balance	**45,077.38**	16,862.57
b) Additions during the year	**38,461.08**	37,436.55
c) Reductions during the year	**17,674.26**	9,221.74
d) Closing balance	**65,864.20**	45,077.38
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	**10,838.04**	4,342.84
b) Provisions made during the year	**10,415.04**	7,281.62
c) Write-off / write-back of excess provisions	**4,112.22**	786.42
d) Closing balance	**17,140.86**	10,838.04

The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 9,014.42 lacs (2014: ₹ 7,674.03 lacs) as compared to the RBI requirement.

(n) Disclosure of Complaints

Customer Complaints

Particulars	Year ended 31 March 2015
No. of complaints pending at the beginning of the year	22
No. of complaints received during the year	3,353
No. of complaints redressed during the year	3,308
No. of complaints pending at the end of the year	67

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(₹ in Lacs)

Note:

36 **Related party disclosures**

Related party disclosures as at and for the year ended 31 March 2015.

(A) Names of the Related parties where control exists — **Nature of Relationship**

Names of the Related parties where control exists	Nature of Relationship
i. Magma ITL Finance Limited	Subsidiary Company
ii. Magma Advisory Services Limited	Subsidiary Company
iii. Magma Housing Finance (A public Company with unlimited liability)	Step Down Subsidiary
iv. International 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)

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

Note: (₹ 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) 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	-	-	-
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.

Note:

(₹ in Lacs)

37 Disclosure required under Accounting Standard - 5 (Net profit or loss for the period, prior period items and changes in accounting policies)

Change in accounting estimate

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) on 10 November 2014 and the related notification dated 27 March 2015 (collectively referred to as 'the Framework') to address various matters including harmonization of asset classification and provisioning norms wherein the asset classification norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

(i) if they become overdue for 5 months for the financial year ending 31 March 2016;
(ii) if they become overdue for 4 months for the financial year ending 31 March 2017; and
(iii) if they become overdue for 3 months for the financial year ending 31 March 2018 and thereafter.

Currently, the Company classifies non-performing assets at 4 months default and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework.

Further, the Company has opted to align itself to the provisioning rates prescribed in the Framework effective from quarter ended 31 March 2015, on incremental NPAs as against the higher rates being followed by the company till 31 December 2014. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

The aforesaid alignment of the provisioning rates, has resulted in a net lower provision of ₹ 1,032.71 lacs for the year ended 31 March 2015.

38 Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India

During the year ended 31 March 2015, 26 cases of frauds has been detected and reported aggregating to ₹ 611.96 lacs (2014: ₹ 464.71 lacs). The un-recovered amounts have been fully provided for / written-off

39 Disclosures in terms of the notification issued by the Reserve Bank of India on 21 March 2012

	As at 31 March 2015	As at 31 March 2014
Total Gold loan portfolio*	755.36	9,820.19
Total Assets	1,231,174.68	1,131,799.03
Gold loan portfolio as a % of total assets	0.06%	0.87%

*The Company has discontinued the Gold loan product as decided in the meeting of Board of Directors held on 06 November 2014.

40 Disclosures relating to Gold loan auction in terms of the notification issued by Reserve Bank of India on 16 September 2013

		As at 31 March 2015	As at 31 March 2014
1	Number of loan accounts	4,234	1,445
2	Outstanding amounts	1,898.90	800.70
3	Value fetched	1,927.71	715.54
4	Whether any of its sister concerns participated in the auction	No	No

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:

	Name of Venture	Country of Incorporation	Proportion of Ownership Interest	Assets	Liabilities	Income	Expenses	Contingent Liabilities & Commitments
1	Jaguar Advisory Services Private Limited	India	48.89%	2,376.98	2,376.98	54.31	52.06	-
2	Magma HDI General Insurance Company Limited	India	26.00%	21,445.17	21,445.17	226.02	2.23	-

Note:

(₹ in Lacs)

42 Details of investments

	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
	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

Note:

(₹ in Lacs)

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 Transfer pricing

The Company has developed a system of maintaining information and documents as required by the transfer pricing legislation under the Income Tax Act, 1961. Management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

45 Previous year's figure

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Akeel Master
Partner
Membership No. 046768
Mumbai, 08 May 2015

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer & Company Secretary
Kolkata, 08 May 2015

(₹ in Lacs)

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Sl. No.	Particulars	Amount outstanding as at 31 March 2015	Amount overdue as at 31 March 2015
	Liabilities		
1	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**		
(a)	Debentures		
	- Secured	143,610.00	-
	- Unsecured	106,400.00	-
(b)	Deferred Credits	-	-
(c)	Term Loans	177,976.61	-
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	49,551.51	-
(f)	Public Deposits *	0.26	-
(g)	Cash Credit / Working Capital Demand Loans from Banks	494,853.98	-

* Represents liability transferred to and vested in the Company pursuant to the Amalgamation of 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 to Escrow Account, the entire outstanding amount together with interest.

Sl. No.	Particulars	Amount outstanding as at 31 March 2015
	Assets	
2	**Break-up of Loans and Advances, including Bills Receivables (other than those included in (4) below)**	
(a)	Secured	-
(b)	Unsecured	9,267.87
3	**Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities**	
(i)	Lease Assets including Lease Rentals under Sundry Debtors	2,264.25
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	-
(iii)	Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	7,561.86
	(b) Loans other than (a) above	1,094,156.03

(₹ in Lacs)

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

4	**Break-up of Investments**	
	Current Investments	
1	Quoted	-
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	Unquoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

* Represents liability transferred to and vested in the Company pursuant to the Amalgamation of 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 to Escrow Account, the entire outstanding amount together with interest.

Sl. No.	Particulars	Amount outstanding as at 31 March 2015
	Long-term Investments	
1	Quoted	2.00
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	
2	Unquoted	12,353.30
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	
	(v) Others	0.16
	- National Savings Certificate	11,787.27
	- Pass Through Certificate	

(₹ in Lacs)

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

5	**Borrower group-wise classification of assets financed as in (2) and (3) above**			
	Category	**Secured**	**Unsecured**	**Total as at 31 March 2015**
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	574.92	574.92
	(c) Other related parties		179.60	179.60
2	Other than Related Parties	968,511.35	143,984.14	1,112,495.49
	Total	**968,511.35**	**144,738.66**	**1,113,250.01**

6	**Investor group-wise Classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)**		
	Category	**Market Value / Break up or Fair Value or NAV as at 31 March 2015**	**Book Value (Net of Provisions) as at 31 March 2015**
1	Related Parties		
	(a) Subsidiaries	29,782.97	9,329.94
	(b) Companies in the same group	-	-
	(c) Other related parties	7,086.44	2,602.20
2	Other than Related Parties	12,270.57	12,210.59
	Total	**49,139.98**	**24,142.73**

7	**Other information**	
	Particulars	**Total as at 31 March 2015**
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	83,005.06
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	65,864.20
(iii)	Assets acquired in satisfaction of debt	-

The Company classifies non-performing assets (NPAs) at 4 months overdue as compared to present requirement of 6 months.

Had the Company recognised NPA as per present RBI guidelines, the Company's Gross and Net NPA as on 31 March 2014 would have been lower at ₹ 66,984.84 lacs and ₹ 49,843.97 lacs respectively (2013: ₹ 41,274.21 lacs and ₹ 30,436.17 lacs respectively).

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer & Company Secretary

Kolkata, 08 May 2015

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____

Sanjay Chamria
Vice-Chairman and Managing Director

Date: April 10, 2018
Place: Mumbai

DECLARATION

We, the Directors of the Company certify that:

(i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

Sanjay Chamria
Vice-Chairman and Managing Director

I am authorized by the Committee of Directors, a committee of the Board of Directors of the Company, *vide* resolution number 4 dated April 10, 2018 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Sanjay Chamria
Vice-Chairman and Managing Director

Place: Mumbai
Date: April 10, 2018

MAGMA FINCORP LIMITED
Website: www.magma.co.in
CIN: L51504WB1978PLC031813

Registered Office	Corporate Office
Magma House, 24, Park Street, Kolkata 700 016 West Bengal, India	Equinox Business Park, 2nd Floor, Tower 3, Off BKC Ambedkar Nagar, LBS Marg Kurla West, Mumbai 400 070 Maharashtra, India

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

BOOK RUNNING LEAD MANAGERS

IIFL Holdings Limited	Kotak Mahindra Capital Company Limited	Edelweiss Financial Services Limited	Emkay Global Financial Services Limited
10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India	1st Floor, 27 BKC, Plot No. 27, "G"Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India	14th Floor, Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098, Maharashtra, India	7th Floor, The Ruby, Senapati Bapat Marg, Dadar (West), Mumbai 400 028, Maharashtra, India

LEGAL ADVISER TO OUR COMPANY
As to Indian law

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013, Maharashtra, India

LEGAL ADVISERS TO THE BOOK RUNNING LEAD MANAGERS

As to Indian law	*As to United States law*
Cyril Amarchand Mangaldas 5th Floor, Peninsula Chambers Peninsula Corporate Park Ganpatrao Kadam Marg, Lower Parel Mumbai 400 013, Maharashtra, India	**Squire Patton Boggs Singapore LLP** 10 Collyer Quay #03-01/02 Ocean Financial Centre Singapore 049315 Republic of Singapore

AUDITORS TO OUR COMPANY

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Maruthi Info-Tech Centre
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Koramangala, Bengaluru 560 071
Karnataka India.
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Firm registration number: 101248W/W-100022