Magma Fincorp Limited
Regd. Office
Magma House
24 Park Street, Kolkata 700 016
Tel : 91 33 4401 7350 / 7200
Fax : 91 33 4401 7313
CIN : L51504WB1978PLC031813
Web : www.magma.co.in

MAGMA
Investing in the smallest dream

27 August 2016

Manager,
Listing Department,
National Stock Exchange of India Limited
"Exchange Plaza",
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Dear Sir,

Sub: Annual Report for the Financial Year ended 31 March 2016

Please find enclosed herewith the Annual Report of the Company for the Financial Year ended 31 March 2016.

This is for your information and record.

Thanking You

Yours faithfully,
For **Magma Fincorp Limited**

Shabnum Zaman
Company Secretary
ACS No. 13918
Address:
80B, Dr. Sudhir Bose Road,
Kolkata – 700 023

Encl: as above

MAGMA FINCORP LIMITED
Registered Office: "Magma House", 24, Park Street, Kolkata – 700 016
Phone: +91 33-4401 7200/350 • Fax: +91 33-4402 7731
CIN: L51504WB1978PLC031813 • Website: www.magma.co.in
Email: shabnum.zaman@magma.co.in

NOTICE

To all the Members of the Company

Notice is hereby given that the Thirty Sixth (36th) Annual General Meeting (AGM) of the Shareholders of Magma Fincorp Limited shall be held at Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017, West Bengal at 2.30 P.M. on Monday, 19 September 2016 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt:
   a. the Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2016 and the Reports of the Board of Directors and Auditors thereon; and

   b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2016 and the Report of Auditors thereon.

2. To declare Dividend on Equity and Preference Shares for the year ended 31 March 2016.

3. To appoint a Director in place of Mr. Sanjay Nayar (holding DIN: 00002615) who retires by rotation and being eligible, seeks re-appointment.

4. To re-appoint M/s. B S R & Co. LLP, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:-**

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being inforce, and other applicable laws, M/s. B S R & Co. LLP, Chartered Accountants having Registration No. 101248W/W-100022, be and is hereby reappointed as the Statutory Auditors of the Company for a period of five years to hold office from the conclusion of the 36th AGM (for FY 2015-16) till the conclusion of the 41st AGM (for FY 2020-2021), subject to ratification of their re-appointment by the shareholders at every AGM, if required by the Act, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, based on the recommendation of the Audit Committee."

SPECIAL BUSINESS

5. To appoint Mr. V.K. Viswanathan (holding DIN: 01782934) as Non-Executive Independent Director of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:-**

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being inforce, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and other applicable laws and pursuant to the Articles of Association of the Company, Mr. V.K. Viswanathan (DIN:01782934), who was appointed as an Additional Director of the Company with effect from 13 August 2016, by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee in terms of Section 161(1) of the Act and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of the Director, be and is hereby appointed as the Non-Executive Independent Director of the Company with effect from 13 August 2016 for a term of five consecutive years and shall not be liable to retirement by rotation."

6. To re-appoint Mr. Mayank Poddar (holding DIN: 00009409) as the Whole-time Director of the Company designated as Chairman Emeritus and in this regard to consider and, if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being inforce and other applicable laws and pursuant to the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Mayank Poddar (DIN: 00009409) as the Whole-time Director of the Company designated as Chairman Emeritus of the Company for a period of 5 years with effect from 1 July 2016 till 30 June 2021 (designated as an Executive Chairman upto 13 August 2016) liable to retire by rotation (and to be reappointed as a director at such time) and on such terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration, from time to time, as it may deem fit and as may be acceptable to Mr. Mayank Poddar provided that such alteration or variation, as the case may be, is within the overall limits as prescribed under Section 197 and/ or Schedule V to the Act.

RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company, be and is hereby severally authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

7. To re-appoint Mr. Sanjay Chamria (holding DIN: 00009894) as Whole-time Director of the Company designated as Vice Chairman and Managing Director and in this regard to consider and, if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being inforce and other applicable laws and pursuant to the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Sanjay Chamria (DIN: 00009894) as the Whole-time Director of the Company designated as Vice Chairman and Managing Director of the Company for a period of 5 years with effect from 1 April 2016 till 31 March 2021, liable to retire by rotation (and to be reappointed as a director at such time) and on such terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration, from time to time, as it may deem fit and as may be acceptable to Mr. Sanjay Chamria provided that such alteration or variation, as the case may be, is within the overall limits as prescribed under Section 197 and/ or Schedule V to the Act.

RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company, be and is hereby severally authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

8. To amend the Articles of Association of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution:-**

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014, including any statutory modifications(s) or re-enactment(s) thereof for the time being inforce and subject to the approval of the members by a special resolution at the general meeting, the Articles of Association of the Company be altered in the following manner:

a. In Article 208, at the end of the article, the following clause shall be added "Meetings of the Board shall be held at the registered office of the Company or at such other venue as may be

jointly determined by the Chairman and the Vice Chairman of the Board."

b. Articles 209, 220, 221, 222 and 225 be altered by substituting the same with the following:

Article 209

"The Chairman or the Vice Chairman or the Managing Director or any whole time director may, at any time, summon a Meeting of the Board, and the Company Secretary or where there is no Company Secretary, any person authorised by the Board in this behalf, on the requisition of a Director, shall convene a meeting of the Board of Directors of the Company."

Article 220

"The Board may elect a Chairperson, and determine the period for which he is to hold office. The Managing Director may also be appointed by the Board as the Chairperson. The Board may also designate any one of its Directors as a Vice Chairman of the Company, who shall act as the Chairperson (for any of the purposes specified in the Act or in these Articles) in the event that the Chairperson is not present or is otherwise unable or unwilling to act as the Chairperson."

Article 221

"If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting and the Vice Chairman (if one has been appointed) is also not present, the Directors present may choose one of their members to be Chairperson of the meeting."

Article 222

"The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the Section 174 of the Companies Act, 2013. If a Meeting of the Board could not be held for want of Quorum, the Meeting shall automatically stand adjourned to the same day in the next week, at the same time and place or, if that day is a National Holiday, to the next succeeding day which is not a National Holiday, at the same time and place. If there is no Quorum at the adjourned Meeting also, the Meeting shall stand cancelled."

Article 225

"Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by majority of votes."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

Shabnum Zaman
Company Secretary
ACS: 13918
Address:
80B, Dr. Sudhir Bose Road
Kolkata-700023

Registered Office:
Magma House,
24 Park Street,
Kolkata-700016
Date : 13 August 2016

NOTES :

1. Statement pursuant to Section 102 and other applicable provisions of the Companies Act, 2013 and rules made thereunder with respect to Special Business set out in the Notice is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING

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

3. The proxy holder shall prove his identity at the time of attending the meeting.

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

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

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

7. Only registered members of the Company or any proxy appointed by such registered member may attend and vote at the meeting as provided under the provisions of the Companies Act, 2013. In case any shareholder has voted electronically, then he/she can participate in the meeting but not vote.

8. Corporate members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013/Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the meeting.

9. Dividends which remain unpaid/unclaimed over a period of 7 years will have to be transferred by the Company to Investor Education and Protection Fund of the Central Government under Sections 205A and 205C of the Companies Act, 1956, as amended from time to time and/or relevant corresponding provisions of the Companies Act, 2013 once notified. Accordingly, all unpaid / unclaimed amounts in respect of dividends paid by the Company for the year ended 31 March 2009 have to be transferred to the said fund by 17 October 2016. Shareholders are requested to encash the dividend before the due date of transfer i.e. 17 October 2016. Shareholders are advised to encash the unpaid Dividend Warrants for the year ended 31 March 2009 or any subsequent year, before transfer to the above referred fund by writing a request to the Company Secretary, Magma Fincorp Limited, Secretarial Department, "Magma House", 7th Floor, 24, Park Street, Kolkata – 700 016. No claim will be entertained thereafter by the Company. The details of the dates on which dividend should be transferred to the aforesaid fund is given below :-.

Financial Year	Date of Declaration	Due for Transfer
2008-2009	11 September 2009	17 October 2016
2009-2010	15 July 2010	20 August 2017
2010-2011	21 June 2011	27 July 2018
2011-2012	12 July 2012	17 August 2019
2012-2013	18 July 2013	23 August 2020
2013-2014	31 July 2014	05 September 2021
2014-2015	01 August 2015	06 September 2022

The Company has uploaded the information in respect of the unpaid / unclaimed dividend amounts lying with the Company, as on the date of the last meeting held on 1 August 2015, on the website of the IEPF viz., www.iepf.gov.in and under "Investors Section" on the website of the Company viz., www.magma.co.in.

10. The members of the Company at their 30th Annual General Meeting held on Thursday, 15 July 2010 approved the sub-division of the Equity Shares of the face value of ₹ 10/- each fully paid-up into 5 Equity Shares of the face value of ₹ 2/- each fully paid-up. Accordingly, the Company had fixed Monday, 16 August 2010 as the Record Date to determine the shareholders eligible to receive the sub-divided Equity Shares and the holders of physical shares were advised through several shareholders communications to surrender / exchange the old share certificate of the face value of ₹ 10/- to receive the new share certificate of the face value of ₹ 2/-. The shareholders who have not yet surrendered / exchanged the old share certificate of the face value of ₹ 10/- are again requested to take new sub-divided share certificate of the face value of ₹ 2/- by surrendering / exchanging the old Equity Shares of the face value of ₹ 10/- each immediately at the Registered Office of the Company or Company's Registrar & Transfer Agent ('RTA'), M/s. Niche Technologies Private Limited, D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata – 700 001.

11. Pursuant to Regulation 12 along with Schedule I of the Listing Regulations, all Companies shall mandatorily use any of the electronic mode of payment facility approved by the Reserve Bank of India for making payments such as dividend to the members (where core banking details are available) or to print the bank account details of the members (as per the Company's records) on the physical payment instruments (in case

where the core banking details are not available or electronic payment instructions have failed or rejected by the Bank) or to print the address of the member on such payment instructions (in case where the bank details of investors are not available).

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

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

ii. the RTA i.e. M/s. Niche Technologies Private Limited, D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata – 700 001 at nichetechpl@nichetechpl.com (in case of the shares held in physical form).

12. Members holding shares in physical form are requested to intimate change in their registered address or bank particulars, mentioning full address in block letters with Pin code of the Post Office, mandate, bank particulars and Permanent Account Number (PAN) to the Company's RTA and in case of members holding their shares in electronic form, this information should be given to their Depository Participants immediately.

13. Members holding shares in physical form and wishing to make / change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 may submit the prescribed particulars in Form No. SH-13 (Nomination Form) or SH-14 (Cancellation or Variation of Nomination) to the Company.

14. The Company has entered into necessary arrangement with NSDL and CDSL to enable the shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of either of the above Depositories.

15. The Register of Members and Share Transfer Books of the Company closed from Friday, 29 July 2016 to Thursday, 4 August 2016 (both days inclusive) for determining the name of members eligible for dividend on equity shares, if declared at the meeting.

16. Dividend on Equity Shares, if declared at the meeting will be credited / dispatched between 19 September 2016 and 19 October 2016 and paid to those members, whose names appear in the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before the close of working hours of the Company as on Thursday, 28 July 2016 ('Record Date'). In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names appear as beneficial owners as at the end of the business hours on Thursday, 28 July 2016 as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').

17. Electronic copy of the Annual Report, Notice of the meeting of the Company inter-alia indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the notice of the meeting of the Company inter-alia indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

18. In view of Go Green initiative being undertaken by the Company, members who have not yet registered their e-mail address so far are requested to register/update their e-mail addresses with the Company's RTA or with the Company at ukundu@magma.co.in. Shareholders holding shares in dematerialized form are requested to register their e-mail addresses and changes therein with the concerned Depositories through their Depository Participant.

19. Members are requested to bring their copy of Annual Report to the meeting. A member desirous of getting any information with regard to Accounts of the Company is requested to send the queries to the Company at least 10 days before the meeting to the Company Secretary at the Registered Office of the Company.

20. Members are requested to mention their Folio Number/ Client ID/DP ID Number (in case of shares held in dematerialized form) in all their correspondence with the Company / Depository Participant in order to facilitate response to their queries promptly.

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

22. Members who are holding shares of the Company in physical form through multiple folios in identical order of names are requested to write to the RTA, enclosing their share certificates, to enable the RTA to consolidate their holdings in one folio.

23. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

24. Members are requested to contact the Company's RTA for reply to their queries/redressal of complaints, if any, or contact Ms. Shabnum Zaman, Company Secretary at the Registered Office of the Company (Phone:+91 33 4402 7736; Email: shabnum.zaman@magma.co.in).

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

26. The relevant documents referred to in this Notice and Statement are open for inspection at the meeting and such documents will also be available for inspection in physical or in electronic form at the registered office and copies thereof shall also be available for inspection in physical or electronic form at the registered office from the date of dispatch of the notice till the date of the meeting on all working days, except Saturdays, from 10:00 A.M to 12:00 Noon.

27. **Voting through electronic means:**

    i. In compliance with provisions of Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules and as per Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), the Company is pleased to provide members facility of voting by electronic means in respect of business to be transacted at the meeting and the business may be transacted through e-voting services provided by NSDL.

    ii. The facility of voting through ballot or polling paper shall also be made available for the members at the meeting who have not been able to vote electronically and who are attending the meeting. The members who have cast their vote electronically would be entitled to attend the meeting but would not be permitted to cast their vote again at the meeting. The facility to vote by electronic voting system will not be provided at the meeting.

    iii. The remote e-voting period commences on Friday, 16 September 2016 (9.00 A.M. IST) and ends on Sunday, 18 September 2016 (5.00 P.M. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the close of working hours on Monday, 12 September 2016 ('Cut-off date') may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Sunday, 18 September 2016 after 5.00 P.M. IST. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently.

Process and Manner for Members Opting for Remote E-Voting

The instructions for remote e-voting are as under:

A. In case a member receives an e-mail from NSDL [for members whose e-mail addresses are registered with the Company/Depository Participants(s)]:–

    i. Open e-mail and open PDF file viz. "Magma e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.

    ii. Launch internet browser and type the following URL: https://www.evoting.nsdl.com.

    iii. Click on Shareholder – Login.

iv. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password.

v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.

vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.

vii. Once the remote e-voting home page opens, click on remote e-voting> Active Voting Cycles.

viii. Select "EVEN" (Remote E-voting Event Number) of Magma Fincorp Limited. Now you are ready for remote e-voting as Cast Vote page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x. Upon confirmation, the message "Vote cast successfully" will be displayed.

xi. Once you have voted on the resolution, you will not be allowed to modify your vote.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to goenkamohan@hotmail.com or shabnum.zaman@magma.co.in with a copy marked to evoting@nsdl.co.in.

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

xiv. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 12 September 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA. A person who is not a member as on the cut-off date should treat this notice for information purposes only.

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

B. In case a member receives physical copy of the notice of AGM (for members whose email addresses are not registered with the Company/Depositories):

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

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

C. Other Instructions:

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

Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the closing working hours of Cut-off Date and not casting their vote electronically, may cast their vote at the meeting.

ii. Mr. Mohan Ram Goenka, Company Secretaries in Practice (CP No. 2551), Partner, MR & Associates, Kolkata, who have consented to act as the scrutinizer and are available for the purpose of ascertaining the requisite majority, have been appointed as the scrutinizer to scrutinize the remote e-voting process/ballot/poll in a fair and transparent manner.

iii. The Chairman shall at the meeting, at the end of discussion on the resolutions on which voting is to be done, allow voting with the assistance of scrutinizer, by use of ballot or polling paper for all those members who are present at the

meeting but have not cast their votes by availing the remote e-voting facility.

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

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

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company had appointed Mr. V.K. Viswanathan as an Additional Director of the Company with effect from 13 August 2016. The Additional Director holds office only upto the date of the ensuing Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ('the Act') but is eligible for appointment as Director. The Company has received a notice under Section 160(1) of the Act from a member along with requisite deposit signifying his intention to propose Mr. Viswanathan's appointment as a Director of the Company. Mr. Viswanathan has also given a declaration under section 149(7) of the Act that he meets the criteria for independence as provided under section 149(6) of the Act and fulfils the conditions specified in the Act and the Rules framed thereunder and Regulation 16 of the Listing Regulations for appointment as Independent Director and he is independent of the management.

Mr. Viswanathan (65 years) is a Commerce Graduate from Madras University and a Chartered Accountant from the Institute of Chartered Accountants of India. He is the Chairman of the Board of Directors of Bosch Limited. Prior to this role, Mr. Viswanathan was the Managing Director of Bosch Limited and President, Bosch Group in India. He has been the past President of Indo-German Chamber of Commerce (2012-13). He has also served as the Vice President of ACMA (Automotive Manufacturers' Association) for the year 2005-06. He was also associated with Hindustan Unilever Ltd. in many senior positions for 17 years.

The Board considers that induction of an eminent professional like Mr. Viswanathan would immensely benefit the Company and therefore, recommends the **Ordinary Resolution No. 5** for appointment of Mr. Viswanathan, for your approval. Mr. Viswanathan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Mr. Viswanathan along with his relatives do not hold any shares in the Company.

Mr. Viswanathan is said to be concerned or interested in the proposed resolution as it relates to his own appointment. None of the other Directors and Key Managerial Personnel of your Company or their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

ITEM NO. 6

In terms of the Articles of Association of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) and subject to the approval of the members, the Board of Directors of the Company at their meeting held on 12 May 2016 had re-appointed Mr. Mayank Poddar as the Whole-time Director of the Company, designated as an Executive Chairman of the Company for a period of 5 years with effect from 1 July 2016 to 30 June 2021. Thereafter the Board at its meeting held on 13 August 2016 re-designated Mr. Poddar as Chairman Emeritus with effect from 14 August 2016 on the existing terms and conditions which is within the limits stipulated under Section 196 and 197 of the Companies Act, 2013 ('the Act') read with Schedule V to the Act. Mr. Poddar's office shall be liable to retirement by rotation and to be reappointed as a director during the said tenure of 5 years.

Mr. Poddar contributes to the policy formulation of the Company and provides overall guidance in achieving corporate objectives. Under his leadership the Company has grown manifold both in size and profitability. Having regard to the significant contribution made by Mr. Poddar for more than three decades to the progress and development of the Company and in order to continue to avail the benefits

of his entrepreneurial skill, vast experience and expertise, the Board of Directors recommends the resolution no. 6 for your approval as an **Ordinary Resolution.**

The terms and conditions for appointment of Mr. Poddar, as embodied in the draft agreement/contract to be executed between the Company and Mr. Poddar, is given below:

I) Basic Salary: ₹ 5,00,000/- per month with an annual increment to be decided by the Board of Directors on merit at its absolute discretion, which shall however be only so done so as not to exceed the maximum permissible limits of Managerial Remuneration under the Act, payable without the approval of the Central Government.

II) Perquisites / Benefits: In addition to the above salary, Mr. Poddar shall also be entitled to the following perquisites / benefits as detailed :-

a. Housing Rent Allowance @40% of Basic Salary – ₹ 2,00,000/- per month.

b. Special Allowance – ₹ 4,23,045/- per month.

c. Medical Reimbursement: Expenses incurred for himself and his family in accordance with the Rules of the Company.

d. Leave Travel Concession: Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave/ holiday travel period, whenever undertaken, once in a year, incurred in accordance with the Rules of the Company. In case Mr. Poddar does not go on leave travel the 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 salary or such percentage limit as may be prescribed by Income Tax legislation.

g. Gratuity: Gratuity payable shall not exceed half a month's salary for each completed year of service.

h. Provision for use of telephones at residence (including payment for local calls and long distance calls) and Company's car shall not be included in the computation of perquisites.

i. Minimum Remuneration: In the case of inadequacy of profits in any financial year during the tenure of Mr. Poddar, 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 Section 197 read with Part II, Section II of Schedule V to the Act.

Mr. Poddar will not be entitled to any sitting fee for attending meetings of the Board or any Committee thereof.

Mr. Poddar is a director who is liable to retire by rotation and it is the intention of the Company to reappoint him as a director on his retirement considering the above agreement/contract.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Poddar under Section 190 of the Act.

The said resolution confers a power on the Board, or the NRC, to alter or vary the terms and conditions of appointment, including any variation in remuneration, provided such remuneration is within the limits laid in section 197 of the Act.

Mr. Poddar is said to be concerned or interested in the proposed resolution as it relates to his own appointment and remuneration payable to him. None of the other Directors and Key Managerial Personnel of your Company or their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

ITEM NO. 7

In terms of the Articles of Association of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) and subject to the approval of the members, the Board of Directors of the Company at their meeting held on 9 February 2016 had re-appointed Mr. Sanjay Chamria as the Whole-time Director of the Company designated as Vice Chairman and Managing Director of the Company for a period of 5 years with effect from 1 April 2016 to 31 March 2021 on the existing terms and conditions which is within the limits stipulated under Section 196 and 197 of the Companies Act, 2013 ('the Act') read with Schedule V to the Act. Mr. Chamria's office shall be liable to retirement by rotation and to be reappointed as a director during the said tenure of 5 years.

Mr. Chamria anchors policy formation, strategy planning and execution since the very inception of the Company. For nearly three decades, he has steered the organization from a three-employee, one-office set up to a conglomerate with 9000 employees and 225+ offices across India with multiple business interests viz. Assets based Agri and Commercial Finance, Mortgage Finance and General Insurance. Considering his business acumen, vast knowledge and rich experience, the Board of Directors recommends the resolution no. 7 for your approval as an **Ordinary Resolution**.

The terms and conditions of appointment of Mr. Chamria, as embodied in the draft agreement/contract to be executed between the Company and Mr. Chamria, is given below:

I) Basic Salary: ₹ 5,00,000/- per month with an annual increment to be decided by the Board of Directors on merit at its absolute discretion, which shall however be only so done so as not to exceed the maximum permissible limits of Managerial Remuneration under the Act, payable without the approval of the Central Government.

II) Commission: Not exceeding 1% of the Net Profits of the Company, payable annually, calculated in the manner laid down in Section 198 of the Companies Act, 2013, after the approval of Annual Accounts at the Annual General Meeting of the Company, as may be recommended by the NRC of the Board of Directors of the Company.

III) Long Term Performance Bonus: Long Term Bonus will be paid annually, which shall not exceed 2% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act, 2013, after the approval of Annual Accounts at the Annual General Meeting of the Company on fulfillment of performance criteria laid down under the Bonus Policy and the agreement to be executed by the Company with Mr. Chamria, subject to the aggregate remuneration payable will not exceed the limits prescribed under Section 197 read with Schedule V to the Act.

IV) Perquisites / Benefits: In addition to the above salary, Mr. Chamria shall also be entitled to the following perquisites / benefits:

a. Housing Rent Allowance @40% of Basic Salary – ₹ 2,00,000/- per month.

b. Special Allowance – ₹ 4,23,045/- per month.

c. Medical Reimbursement: Expenses incurred for himself and his family in accordance with the Rules of the Company.

d. Leave Travel Concession: Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave/ holiday travel period, whenever undertaken, once in a year, incurred in accordance with the Rules of the Company. In case Mr. Chamria does not go on leave travel the 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 salary or such percentage limit as may be prescribed by Income Tax legislation.

g. Gratuity: Gratuity payable shall not exceed half a month's salary for each completed year of service.

h. Provision for use of telephones at residence (including payment for local calls and long distance calls) and Company's car shall not be included in the computation of perquisites.

i. Minimum Remuneration: In the case of inadequacy of profits in any financial year during the tenure of Mr. 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 Section 197 read with Part II, Section II of Schedule V to the Act.

Mr. Chamria will not be entitled to any sitting fee for attending meetings of the Board or any Committee thereof.

Mr. Chamria is a director who is liable to retire by rotation and it is the intention of the Company to reappoint him as a director on his retirement considering the above agreement/contract.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Chamria under Section 190 of the Act.

The said resolution confers a power on the Board, or the NRC, to alter or vary the terms and conditions of appointment, including any variation in remuneration, provided such remuneration is within the limits laid in section 197 of the Act.

Mr. Chamria is said to be concerned or interested in the proposed resolution as it relates to his own appointment and remuneration payable to him. While Mr. Harshvardhan Chamria, son of Mr. Sanjay Chamria is an employee of the Company, however, he does not have any other concern or interest, financial or otherwise, in the proposed resolution.

Except as stated above, none of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Item No. 8

The Board at its meeting held on 13 August 2016 had approved certain amendment in the existing Articles of Association of the Company, subject to the approval of the shareholders of the Company, to bring in more clarity with respect to certain clauses of the Articles relating to the rights of the Chairman and Vice Chairman/Managing Director.

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

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

Name	**Mr. Sanjay Nayar**	**Mr. V.K.Viswanathan**	**Mr. Mayank Poddar**	**Mr. Sanjay Chamria**
DIN:	00002615	01782934	00009409	00009894
Age:	55 yrs	65 yrs	62 yrs	51 yrs
Date of first appointment on the Board	01.07.2011	13.08.2016	18.12.1978	28.09.1993
Qualification	• B Sc (Hons) • PGDM (Finance) from IIM	• Bachelor of Commerce • Fellow Chartered Accountant	• Bachelor of Commerce	• Bachelor of Commerce • Fellow Chartered Accountant
Expertise in specific functional area	He is currently the CEO and Country Head for Kohlberg Kravis Roberts & Co (KKR) in India. Mr. Nayar has spent 24 years at Citigroup, most recently as CEO of Citi's Indian and South Asian operations.	He is currently the Chairman of the Board of Directors of Bosch Limited. He was also associated with Hindustan Unilever Ltd. in many senior positions for 17 years.	More than 30 years' experience in finance business. Contributes in policy formulation and provides overall support and guidance to the Board and Management.	Having nearly three decades of experience in NBFC. He anchors policy, strategy planning and execution. He leads the management team in the achievement of ambitious goals year after year.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid	Mr. Nayar retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. He is entitled to sitting fees.	Mr. Viswanathan will be appointed as a Non-Executive Independent Director of the Company w.e.f. 13 August 2016 for a term of 5 years and is not liable to retirement by rotation. He is entitled to sitting fees and commission.	As given in the statement of resolution no. 6	As given in the statement of resolution no. 7

Name	Mr. Sanjay Nayar	Mr. V.K.Viswanathan	Mr. Mayank Poddar	Mr. Sanjay Chamria
Remuneration last drawn by such person, if applicable, (As per last audited balance sheet dated 31 March 2016)	₹ 1.40 lacs	Not Applicable	₹ 150 lacs	₹ 310 lacs
*List of outside Directorships held	• Dalmia Cement (Bharat) Limited • KKR India Advisors Private Limited • KKR India Financial Services Private Limited • Coffee Day Enterprises Limited • Coffee Day Global Limited • Valleyview Probuild Private Limited • Grameen Capital India Limited • Heritage View Developers Private Limited • Grameen Capital Investment Advisors Private Limited • Sea View Probuild Private Limited • Sealink View Probuild Private Limited • ATC Tires Private Limited • Apollo Hospitals Enterprise Limited • Gland Pharma Limited • Seynse Technologies Private Limited • Avendus Capital Private Limited	• Bosch Limited • Bharti Airtel Ltd • HDFC Standard Life Insurance Company Ltd • Century Metal Recycling Pvt Ltd • K S B Pumps Ltd • Credit Information Bureau (India) Ltd • Magma HDI General Insurance Company Limited • Indo German Chamber of Commerce	• Magma HDI General Insurance Company Limited • Magma ITL Finance Limited • Magma Housing Finance (A Public Company with Unlimited Liability) • Magma Advisory Services Limited • Fluence Advisory Services Limited • Jaguar Advisory Services Private Limited • Celica Developers Private Limited • Microfirm Capital Private Limited • Smitkriti Enterprises Private Limited	• Magma HDI General Insurance Company Limited • Magma ITL Finance Limited • Magma Housing Finance (A Public Company with Unlimited Liability) • Fluence Advisory Services Limited • Magma Consumer Finance Private Limited • Microfirm Capital Private Limited • Jaguar Advisory Services Private Limited • Celica Developers Private Limited

Name	Mr. Sanjay Nayar	Mr. V.K.Viswanathan	Mr. Mayank Poddar	Mr. Sanjay Chamria
**Chairman/ Member of the Committee of the Board of Directors of other Companies in which he/she is a Director	Chairman of the Audit Committee of: • KKR India Financial Services Private Limited Member of the Audit Committee of: • Dalmia Cement (Bharat) Limited	Chairman of the Audit Committee of: • Bharti Airtel Ltd • HDFC Standard Life Insurance Company Ltd • Credit Information Bureau (India) Ltd • Magma HDI General Insurance Company Limited Member of the Audit Committee of: • Bosch Limited	Nil	Chairman of the Audit Committee of: • Magma ITL Finance Limited • Magma Housing Finance (A Public Company with Unlimited Liability) Member of the Audit Committee of: • Magma HDI General Insurance Company Limited
Shareholding in the Company	Nil	Nil	Nil	Nil
No. of Meetings of the Board attended during the year	No. of meeting held :5 No. of meeting attended: 4	Not Applicable	No. of meeting held :5 No. of meeting attended: 3	No. of meeting held :5 No. of meeting attended:5
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	No	No	No	No

*Excludes Directorships in Foreign Companies and Companies under Section 8 of the Companies Act, 2013.
** Includes only Audit Committee and Stakeholders' Relationship Committee.

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

Shabnum Zaman
Company Secretary
ACS No. 13918
Address:
80B, Dr. Sudhir Bose Road
Kolkata-700023

Registered Office:
Magma House,
24 Park Street,
Kolkata-700016
Date : 13 August 2016



MAGMA FINCORP LIMITED

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

Form No. MGT-11

PROXY FORM

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

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

I / We, being the member(s) of ..... shares of Magma Fincorp Limited, hereby appoint

1. Name : .....
   Address : .....
   E-mail ID : .....
   Signature : .....or failing him/her .....
2. Name : .....
   Address : .....
   E-mail ID : .....
   Signature : .....or failing him/her .....
3. Name : .....
   Address : .....
   E-mail ID : .....
   Signature : .....

as my / our proxy to attend and vote (on a ballot or polling paper) for me / us and on my / our behalf at the Annual General Meeting of the members of the Company to be held on Monday, 19 September 2016 at 2.30 P.M. at Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017, West Bengal and at any adjournment thereof in respect of such resolutions as are indicated below: :

Resolution Number	Resolution	Vote (Please mention No. of shares)		
		For	Against	Abstain
Ordinary Business				
1.	To consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2016 and the Reports of the Board of Directors and Auditors thereon. To consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2016 and the Report of Auditors thereon.			
2.	To declare Dividend on Equity and Preference Shares for the financial year ended 31 March 2016.			
3.	To appoint a Director in place of Mr. Sanjay Nayar (holding DIN: 00002615) who retires by rotation and being eligible, seeks re-appointment.			
4.	To reappoint M/s. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.			
Special Business				
5.	To appoint Mr. V.K. Viswanathan (holding DIN: 01782934) as Non-Executive Independent Director of the Company for a term of 5 years.			
6	To re-appoint Mr. Mayank Poddar (holding DIN: 00009409) as the Whole-time Director of the Company designated as Chairman Emeritus .			
7	To re-appoint Mr. Sanjay Chamria (holding DIN: 00009894) as the Whole-time Director of the Company designated as the Vice Chairman and Managing Director.			
8	To amend the Articles of Association of the Company.			

Signed this .....day of.....2016

Signature of Shareholder .....

Signature of Proxy holder(s) .....

Affix Revenue Stamp

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

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



MAGMA FINCORP LIMITED

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

13 August 2016

Dear Shareholders,

Submission of PAN details

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

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

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

For MAGMA FINCORP LIMITED

Shabnum Zaman
Company Secretary
ACS: 13918
Address: 80B, Dr. Sudhir Bose Road
Kolkata-700023

Name : .....

Address : .....

.....

To
Niche Technologies Private Limited
Unit : Magma Fincorp Limited
D-511, Bagree Market, 5th Floor
71, B. R. B. Basu Road
Kolkata – 700 001.

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

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

E-mail :.....

Name of the Shareholder	PAN	* Signature

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

Niche Technologies Private Limited

Unit : **Magma Fincorp Limited**
D-511, Bagree Market, 5th Floor
71, B. R. B. Basu Road
Kolkata – 700 001.

Re. : Payment of Dividend through NECS

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

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

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

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

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

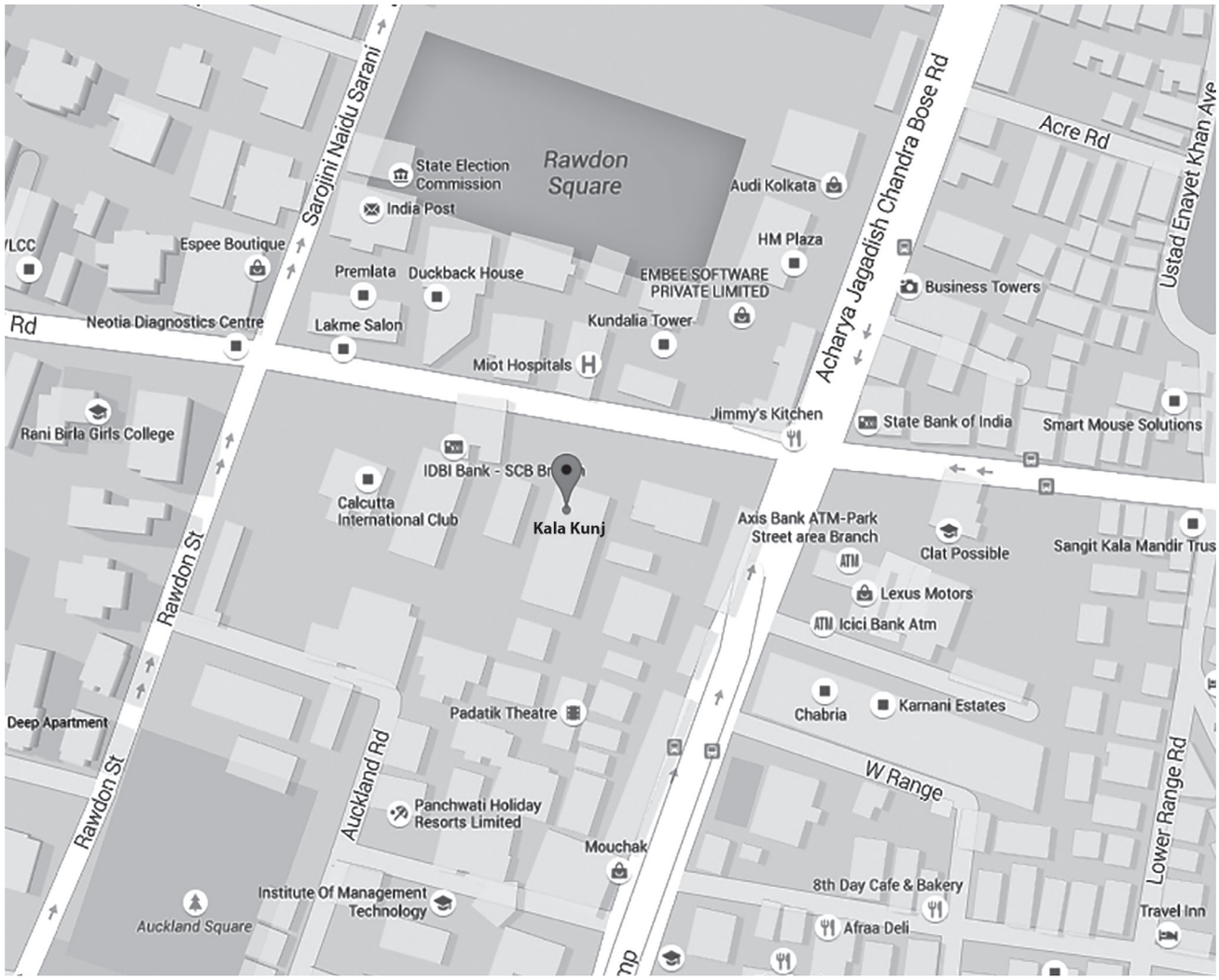
Date: .....

Signature of the First Holder

Delete whichever is not applicable.

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

ROUTE MAP



VENUE
Kala Kunj Auditorium,
48, Shakespeare Sarani,
Kolkata – 700 017,

MAGMA
Investing in the smallest dream

Futurefit

Better channel management
Simplified processes and faster decision-making
Improved productivity and cost efficiency
Higher accountability and ownership at the grassroots



2015-16
ANNUAL REPORT | MAGMA FINCORP LIMITED

Assets under Management (AUM)

8.08%
5 year CAGR

Revenue

18.33%
5 year CAGR

Profit after tax

22.25%
5 year CAGR

5-year CAGR period (2011-12 to 2015-16)

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Corporate Information

CIN: L51504WB1978PLC031813

BOARD OF DIRECTORS

Mr. Mayank Poddar
Chairman

Mr. Sanjay Chamria
Vice Chairman and Managing Director

Mr. Narayan K Seshadri
Non Executive Independent Director

Mr. Nabankur Gupta
Non Executive Independent Director

Mr. Satya Brata Ganguly
Non Executive Independent Director

Mr. Sanjay Nayar
Non Executive Director

Ms. Ritva Kaarina Laukkanen
Non Executive Director

Mr. Srenik Singhvi
Additional Director

CHIEF FINANCIAL OFFICER

Mr. Atul Bansal

COMPANY SECRETARY

Ms. Shabnum Zaman

BANKERS

Punjab National Bank
State Bank of India
ICICI Bank Limited
Axis Bank Limited
The Hongkong and Shanghai
Banking Corporation Limited(HSBC)
UCO Bank
Oriental Bank of Commerce
United Bank of India
Corporation Bank
IDBI Bank Ltd
Indian Bank
Bank of Baroda
Union Bank of India
Bank of India
Dena Bank
Andhra Bank
State Bank of Hyderabad
Syndicate Bank
Central Bank of India
Bank of Maharashtra
Indian Overseas Bank

STATUTORY AUDITORS

B S R & Co. LLP
Chartered Accountants
Firm's Registration No.-
101248W/W-100022
Maruthi Info-Tech Centre
11-12/1 Inner Ring Road
Koramangala
Bangalore 560071

SECRETARIAL AUDITOR

M/s. MKB & Associates
Practicing Company Secretaries
Manoj Kumar Banthia (Proprietor)
COP No.-7596
Shantiniketan, 5th Floor, Room No. 511,
8, Camac Street, Kolkata-700 017

REGISTERED OFFICE

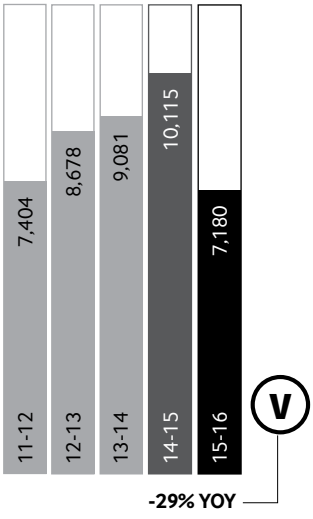
"MAGMA HOUSE"
24, Park Street, Kolkata-700 016
Tel: +91 33 4401 7350/7200
Fax: +91 33 4401 7731
Email Id: secretary@magma.co.in
Website: www.magma.co.in

REGISTRAR AND SHARE TRANSFER AGENT

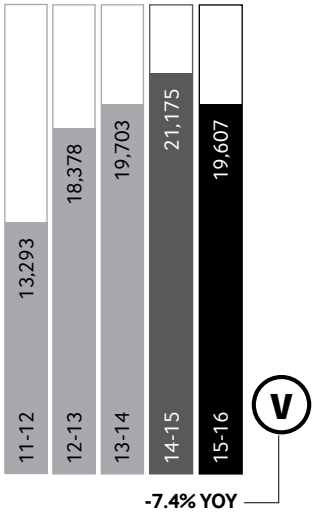
Niche Technologies Private Limited,
D-511, Bagree Market, 5th Floor
71, B.R.B. Basu Road, Kolkata- 700 001
Tel: +91 33 2235 7270 / 7271, +91 33 2234 3576
Fax: No. +91 33 2215 6823
Email Id: nichetechpl@nichetechpl.com

Key Performance Indicators

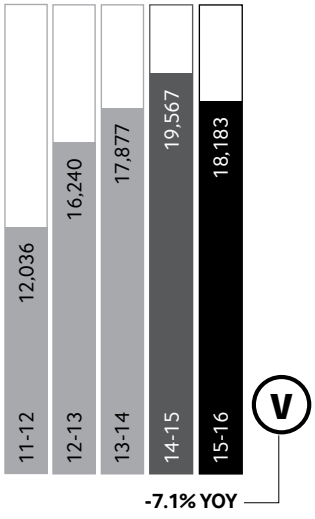
Total disbursements (₹ in Crores)



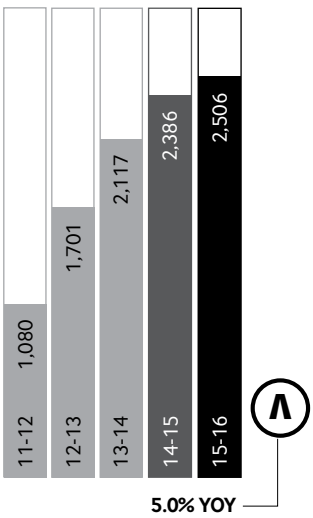
Assets under management (₹ in Crores)



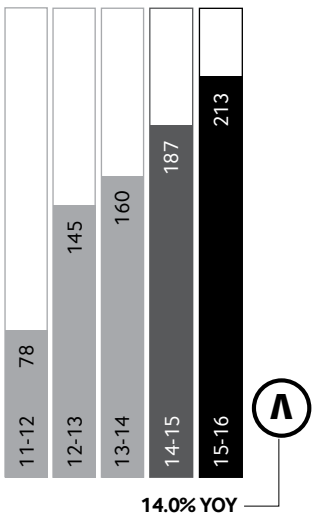
Total loan assets (₹ in Crores)



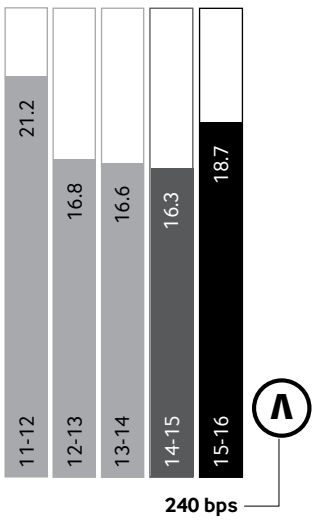
Revenue (₹ in Crores)



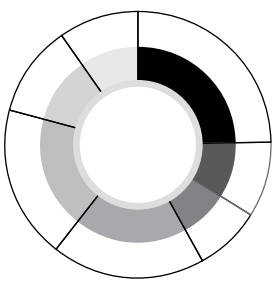
Profit after tax (₹ in Crores)



Capital adequacy ratio (%)



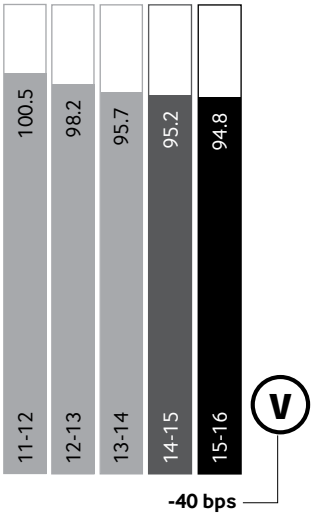
Product-wise loan book (%)



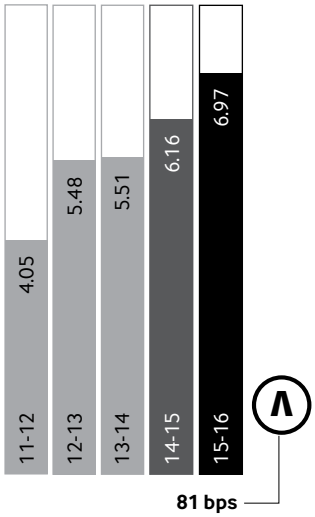
Car and Utility Vehicle	24.9
Commercial Vehicle	9.1
Construction Equipment	8.0
Tractor	18.8
Mortgage	18.5
Used Vehicles	11.2
SME Loans	9.5

As on 31 March 2016

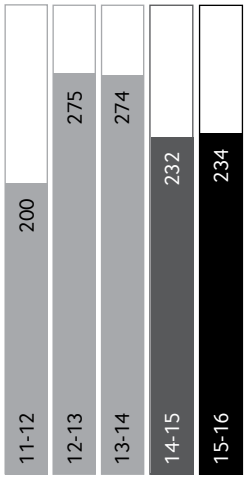
Collection efficiency (%)



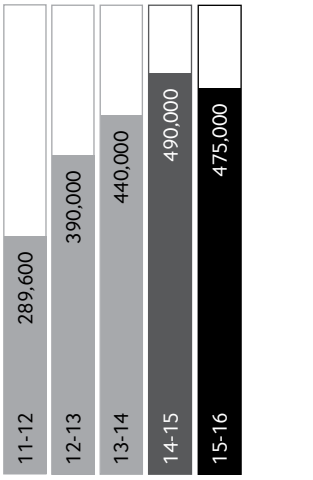
Net interest margin (%)



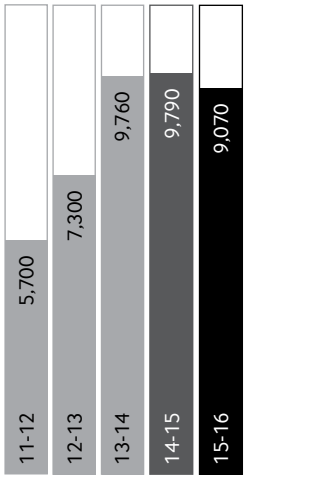
Branch network (No.)



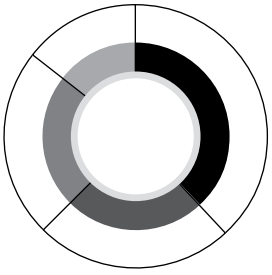
Customer base (No.)



Employee strength (No.)



Geographic break-up of total loan assets (%)



North	38
West	25
South	23
East	14

As on 31 March 2016

Board's Report & Management Discussion and Analysis



Mayank Poddar, Chairman

THE INDIAN ECONOMY CONTINUES TO BE ONE OF THE FASTEST GROWING ECONOMIES IN THE WORLD WITH 7.6% GROWTH ESTIMATED IN FY 2015-16 AS COMPARED TO 7.2% IN FY 2014-15

Dear Shareholders,

Your Directors have pleasure in presenting the 36th Annual Report along with the Audited Financial Statements of the Company for the financial year ended 31 March 2016. A summary of the Consolidated and Standalone Financial Statements is given below:

(₹ in Lacs)

	Consolidated		Standalone	
	FY 2015-16	FY 2014-15	FY 2015-16	FY 2014-15
Total income	2,50,633.08	2,38,597.96	2,13,915.55	2,04,595.25
Profit before interest and depreciation	1,53,690.22	1,49,099.49	1,30,340.43	1,27,106.23
Less: Interest and finance charges	1,19,159.57	1,23,293.57	99,808.90	1,06,144.01
Less: Depreciation	3,948.43	3,456.94	3,934.44	3,451.50
Profit before tax	30,582.22	22,348.98	26,597.09	17,510.72
Tax Expense	9,234.35	3,622.39	7,882.12	2,603.97
Profit after tax (Before Minority Interest)	21,347.87	18,726.59	18,714.97	14,906.75
Minority Interest	210.16	659.85	-	-
Profit after tax (After Minority Interest)	21,137.71	18,066.74	18,714.97	14,906.75
Add: Surplus brought forward	42,725.31	33,006.11	37,285.78	29,876.14
Add: Impact of pre-acquisition surplus on change of shareholding in Magma HDI General Insurance Company Limited	1,239.67	-	-	-
Balance available for appropriation	65,102.69	51,072.85	56,000.75	44,782.89
- Statutory reserves	4,820.00	3,840.00	3,750.00	2,990.00
- General reserve	1,880.00	1,502.40	1,880.00	1,502.40
Provision for dividend				
- On preference shares	428.23	973.52	427.87	973.16
- On equity shares	2,265.36	1,523.41	2,265.36	1,523.41
- Dividend tax	548.35	508.21	548.28	508.14
Balance carried forward	55,160.75	42,725.31	47,129.24	37,285.78

ECONOMIC AND INDUSTRY OVERVIEW

Economic Overview

The Indian Economy continues to be one of the fastest growing economies in the world with 7.6% growth estimated in FY 2015-16 as compared to 7.2% in FY 2014-15 and 6.6% in FY 2013-14.

The steps taken towards economic growth by the Government in recent times are showing positive results. Multinational companies are looking to set up facilities in India on account of various government initiatives like "Make in India" and "Digital India" etc. These initiatives are expected to increase the purchasing power of an average Indian consumer, which could further boost demand and spur development. The Government is looking at a number of structural reforms and is working on resolving pending tax disputes to attract further investments.

The possible headwinds to such promising prospects, however, emanate from factors like inadequate support from the global economy, saddled with weak macro-economic conditions, particularly in Europe and Japan and the recent economic slowdown in China. On the domestic front, possible spill-overs of sub-par agricultural growth and challenges relating to the massive requirements of skill creation and infrastructural up-gradation could slowdown growth prospects.

The following were some of the sectoral highlights for FY 2015 -16:

- The 'Agriculture, Forestry & Fishing' sector is likely to show a growth of 1.1% in its GVA during FY 2015-16, as against the previous year's growth rate of (-) 0.2%, as per the information furnished by the Department of Agriculture and Cooperation (DAC).

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

- The estimated growth in the 'Manufacturing', 'Mining & Quarrying', 'Electricity, Gas & Water supply', and 'Construction' is estimated to be 9.5%, 6.9%, 5.9% and 3.7% respectively during FY 2015-16, as compared to a growth of 5.5%, 10.8%, 8.0% and 4.4% respectively in FY 2014-15.

- The estimated growth in GVA for the Trade, Hotels, Transport & Communication and services related to broadcasting services during FY 2015-16 is placed at 9.5% as against a growth of 9.8% in the previous year.

- According to the latest estimates available on the Index of Industrial Production (IIP), the index of mining, manufacturing and electricity registered growth rates of 2.1%, 3.9% and 4.6% respectively during April-November FY 2015-16, as compared to the growth rates of 2.5%, 1.1% and 10.7% respectively during April-November FY 2014-15.

- Financial, real estate and professional services sector is expected to show a growth rate of 10.3 % during FY 2015-16 as compared to growth rate of 10.6% in FY 2014-15. There was 10.4 % growth in aggregate deposits and 9.8 % growth in bank credit as on November 2015 as compared to 11.5% and 10.5% respectively, as on December 2014.

Industry Overview

Non-banking finance companies (NBFCs) form an integral part of the Indian financial system. They play an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs), which form the cradle of entrepreneurship and innovation. NBFCs' ground-level understanding of their customers' profile and their credit needs give them an edge, as does their ability to innovate and customise products as per their clients' needs. This makes them the perfect conduit for delivering credit to the unbanked and SMEs. However, NBFCs operate under certain regulatory constraints, which put them at a disadvantage position vis-à-vis banks. While there has been a regulatory convergence between banks and NBFCs on the asset side, on the liability side, NBFCs still do not enjoy a level playing field. This needs to be addressed to help NBFCs realise their full potential and thereby perform their duties with greater efficiency.

The Asset financing NBFCs in the recently past, akin to banks, have witnessed muted growth with the primary sales of assets somewhat tapered down due to high interest, inflation and back to back below par monsoon. Some of the sectors which have been majorly impacted include Commercial Vehicle (CV), Construction Equipment (CE) and passenger auto sectors. However, the past year saw initial signs of revival of these sectors giving hope for brighter days ahead, especially with softening of interest rates and a projected better monsoon in FY17.

CV financing has been a profitable and growing segment for NBFCs historically. Over FY 2010-FY2015, while the auto sales grew at a CAGR of 10.6%, vehicle loans have grown at a higher CAGR of 15% due to increased penetration levels. Higher yields in the range of 14%-20% helped CV financing companies maintain healthy profitability levels and ROA. However, due to successive monsoons failures, the rural economy has suffered. As a result, CV financiers, have had to face a challenging market environment riddled with declining ROA and increasing NPAs. The sale of new Passenger Cars & MUVs (Multi Utility Vehicles) recorded a growth of 7.2% during 2015-16 against 3.9% growth in FY 2014-15, mainly on account

of overall growth in Passenger Cars, Utility Vehicles and Vans. Within the Passenger Vehicles segment, Passenger Cars, Utility Vehicles and Multipurpose Vehicles grew by 7.9%, 6.3% and 3.6% respectively compared to the corresponding previous year.

All India sales of new Commercial Vehicles recorded a growth of 11.5% during FY 2015-16, against a de-growth of 2.8% in FY 2014-15. The improved performance was due to a better performance of M&HCVs (Medium & Heavy Commercial Vehicles) and LCVs (Light Commercial Vehicles). However, the growth continued to be negative in SCV (Small Commercial Vehicles) segments in FY 2015-16. M&HCVs and LCVs witnessed a growth of 35.0% and 14.2% respectively & SCVs dropped marginally by 1.8%.

The Construction Equipment segment witnessed a growth at 14.9% in FY 2015-16 in sales against drop of 13.5% in FY 2014-15 after two successive years of de-growth.

Sale of tractors witnessed a de-growth of 10.6% in FY 2015-16, against a de-growth of 13.0% in FY 2014-15. Tractor demand for FY 2015-16 was subdued due to successive below par monsoon and consequent crop failures.

The total housing credit in India as of 31 December 2015 crossed ₹ 11.9 trillion, registering an annualised growth of ~18% for 9MFY16 over the ₹ 10.5 trillion of 31 March 2015. Growth picked up Q2 onwards, supported by disbursements against construction linked-loans, growth in small-ticket housing loan segment and sustained demand from tier 2 & 3 cities.

Market share of Housing Finance Companies (HFC) is expected to improve slightly. Even when banks turn aggressive, riding on better data availability and a greater focus on home loans, HFCs will grow at a slightly faster pace given their strong origination skills and relatively superior customer service. Even among HFCs, mid-sized and small players' disbursements will grow at a faster pace of 27-29% in the medium term (as against 17-19% for large HFCs), owing to their stronger focus on affordable housing projects. Some of the key regulations that have been introduced by the government to promote housing in the country are as follows:

Pradhan Mantri Awas Yojana (PMAY) - Housing for All by 2022
The Central Government announced its vision for Affordable Housing for All by 2022 in May 2014. Subsequently, the Government came out with the operational guidelines in July 2015. The objective of the scheme is to construct 3 million houses per year for the urban poor over the next 7 years. The scheme has announced two components for incentivising the supply side in affordable housing and two components for incentivising the demand side to help speed up the process and to make affordable housing on mass scale a reality by 2022. This is certain to ensure growth of the sector in the near future, creating jobs as well.

Lowering of Risk Weights
In October, 2015 the regulator announced reduction in risk weights on individual home loans up to INR 7.5 million. This will lower the capital requirement on home loans, leaving huge room for additional growth. (Source: MHUPA)

OVERVIEW OF COMPANY'S PERFORMANCE

Your Company ('Magma') has registered a reasonably good performance in FY 2015-16 inspite of the continuing challenges across segments of the asset financing industry. Magma's core strategy has always been to focus on customer, product and innovation, helping the Company to manage its risk exposures. In line with Magma's philosophy, the Company shifted focus towards consolidation of the existing business and improvement of operational efficiency in FY 2015-16. Magma believes that the initiatives taken during the year will significantly enhance the ability to manage growth in a sustainable manner.

The Company rolled out major restructuring of business model called Project SMART. The Sales & Collection Field Officers roles got merged to increase better services to customers, lower TAT & higher efficiency. Reduced coverage area for the Field Officers and thereby better customer proximity is also expected to lead to increase in direct business. We believe that the process has stabilised and expect a good traction in the business and improvement in margins and deriving operating leverage.

The Company disbursed ₹ 7,180.30 Lacs on consolidated basis during FY 2015-16 as against ₹ 10,115.24 Lacs in FY 2014-15. Total Assets declined by 6.7% to ₹ 19,747.43 Lacs as on 31 March 2016 from ₹ 21,174.94 Lacs as on 31 March 2015. Total Loan Assets declined by 7% to ₹ 18,183.24 Lacs as on 31 March 2016 from ₹ 19,566.53 Lacs as on 31 March 2015.

The Company has realigned the product mix in line with the expected risk adjusted returns and focused more on mortgages, SME, used assets and tractors while reducing weightage on CV/CEs as a strategy to counter issues of delinquencies. Magma's diversified product portfolio enhances its ability to align the disbursement growth strategy to reflect market realities. The change engineered in the product mix has resulted in an increase in the yields of the asset finance business. While overall gross yields on fresh disbursements increased by 22 bps to 16.73% during FY 2015-16, gross yields on loan book increased by 14 bps to 16.28% in FY 2015-16.

A brief overview of Magma's performance in FY 2015-16:

- The company decided to pursue profitable growth in FY16. As part of the strategy, the company decided to reach closer to customer, increase direct business, originate better quality portfolio, realign the mix of products, and manage opex better. The specific emphasis on better collections management helped the company lower the delinquencies as well.

- As part of the strategy, we reduced the share of few of the products like Car, Tractors, CV and CE and increased share of products such as Suvidha, SME and Mortgage.

- General Insurance: Magma HDI General Insurance Company Limited ('MHDI'), the General Insurance JV between Magma and HDI Gerling, has reported Gross Written Premium (GWP) collections of ₹ 42,737 Lacs in FY 2015-16.

A good share of Magma's efforts in FY 2015-16 have been concentrated on improving the delinquency scenario, especially in the CV and CE segments. Magma has shown robust collection efficiency in Q4FY16 at 99.1% while the collection efficiency for FY16 is 94.8% and 96.5% in FY15. This was driven by initiatives taken by the Company in FY 2015 and FY 2016. Magma expects to fully exploit the benefits of the initiatives taken in FY 2014-15 and FY 2015-16 in the coming fiscal years also.

Magma has realigned the existing branch network in FY 2015-16 by opening several new branches in remote India and the current network of 234 branches is well placed to drive the business growth when the market revives. It has also focused on exploiting the untapped potential of existing branches and has ensured that more products are available across our network. General insurance and mortgage finance products are available in 80 and 182 branches respectively. Both businesses have been launched in recent years and are key drivers for continued improvement in performance of the two businesses in the near future would be the planned roll out of the products across the remaining Magma branches.

Magma has implemented numerous technological initiatives to increase the efficiency of the Sales and Collections teams. The Filed Officers are equipped with hand held tablets to manage their workflow. The merger of the sales and collection teams till the 90-day collection bucket has enabled the customers to maintain one-point contact, increasing the customer touch points from 1500 to 3600 field officers. These steps coupled with further penetration into untapped markets and better utilisation of existing network will result in an increase in operational efficiency.

FINANCIAL PERFORMANCE

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

The Company has exhibited commendable performance and reported a Profit after Tax (PAT) of ₹ 21,348 Lacs in FY 2015-16 on consolidated basis compared to ₹ 18,727 Lacs in FY 2014-15 thereby registering an increase of 14%. The strong performance was driven by multiple initiatives taken to drive profitable growth as well as measures to optimise the bottom line, thereby driving profitability.

Income from Operations during the year increased by 5.2% on consolidated basis from ₹ 2,35,478 Lacs last year to ₹ 2,47,777 Lacs this year. The Company's total Income grew by 5% from ₹ 2,38,598 Lacs to ₹ 2,50,633 Lacs. Judicious pricing decisions coupled with alterations in the product mix designed to provide the optimum risk reward benefit led to increase in yields during FY 2015-16. Average lending rates on income earning loan assets improved by 14 bps to 16.28% during FY 2015-16 versus 16.14% last year.

The Interest and Finance charges of Company has decreased from ₹ 1,23,294 Lacs in FY 2014-15 to ₹ 1,19,160 Lacs in FY 2015-16 on consolidated basis.

The Company has taken various measures to optimise the opex in FY 2015-16 which resulted in decrease in Personnel Costs, Operating Cost and Brokerage & Commission by 12%, 3% and 5% respectively. Overall, the Opex ratio decreased from 3.66% of AUM in FY15 to 3.36% in FY16.

Better interest cost management and a prudent mix of products financed helped the Company to increase Net Interest Margin (NIM) by 80 bps from 6.2% to 7.0% during FY 2015-16.

On Standalone basis, the total Capital Risk Adequacy Ratio (CRAR) for FY 2015-16 was 18.7%, against the RBI stipulated norm of 15% for non-deposit taking Asset Finance Companies.

OPPORTUNITIES, CHALLENGES AND OUTLOOK

Opportunities

Over the last decade, as part of a deliberate strategy, Magma has steadily diversified into product segments which include tractor, used assets, mortgage finance and SME loans. The new product segments contributed 67% of fresh disbursements in FY 2015-16. Magma will continue to focus on these segments.

The Indian Government is planning to implement multiple initiatives to drive infrastructure development. The rollout of new

projects in Infra development will provide an impetus to inter-state trade and commercial activity, while the implementation of important infra corridors, smart cities, road/train network development projects will lead to significant growth in industrial and commercial activities. Magma focuses on the self-employed non-professional customer segment in the semi urban and rural locations and these customer segments are expected to benefit from the infrastructure driven growth impetus provided by the current government.

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

Challenges

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

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

Outlook

After a prolonged economic slowdown during FY 2013-14 and FY 2014-15, the Indian economy growth remained subdued in FY 2015-16. While the recovery has not been as swift as seen in FY 2010-11, there are signs of increase in commercial activity in both the urban and rural economies. The formation of new government with majority during the first quarter of FY 2014-15 fostered the hopes of good economic performance. However, successive monsoon failures separated on either side by destruction of Rabi Crop in 2015 led to substantial reduction in the cash flow in the hands of rural populace thus affecting the economy which is so heavily reliant on rural population. This, not only, impacted the demand in vehicles including tractors and other sectors; the inadequate cash flow also impacted the credit/ payment behaviour adversely in entire FY 2015-16.

However, FY2017 has started on a positive note. Inflation continues to be low, RBI has cut rates further and most importantly, monsoon forecast by both Skymet as well as Indian Met Department is good. Infrastructure is also expected to see positive traction especially in Roads and Mining sector. Crude prices remain low and green shoots of economic recovery are visible.

Faster and more effective decision making and implementation of various initiatives already launched by the incumbent government are key drivers for the economic recovery. Reduction in global crude oil prices and consumer inflation numbers has provided the Indian government with a window of opportunity to put in place the building blocks for a sustained growth trajectory.

The government continues to focus on roads and infrastructure projects by removing bottlenecks. Ongoing process of launching small banks and payment banks are key growth drivers for the asset finance industry. While signs of recovery are clearly seen in certain product segments, FY 2016-17 is expected to be a year of consolidation, so that the industry is ready for the next phase of growth. GDP growth is expected to improve on the back of proactive government initiatives and revival of commercial activity.

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

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

CHANGE IN NATURE OF BUSINESS

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

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

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

SUBSIDIARIES AND JOINT VENTURE COMPANIES

Subsidiary

Magma ITL Finance Limited (MITL), a subsidiary of the Company and Joint Venture with International Tractors Limited, manufacturers of Sonalika brand of tractors, is registered with the RBI as a Non-Deposit Taking NBFC. MITL has made disbursements of ₹ 29,178.71 Lacs against ₹ 38,735.25 Lacs in previous year and earned a PBT of ₹ 684.36 Lacs for the year ended 31 March 2016 against ₹ 2,865.59 Lacs in previous year.

Magma Advisory Services Limited (MASL) is a subsidiary of the Company and which further holds investment in Magma Housing Finance (A Public Company with Unlimited Liability). MASL has earned a PBT of ₹ 3.58 Lacs for the year ended 31 March 2016 against ₹ 8.02 Lacs in previous year.

Your Company purchased 3,55,55,556 Non-Redeemable Non-Cumulative Non Participating Compulsory Convertible Preference Shares issued by MASL on 9 February 2016 from Celica Developers Private Limited. Subsequent thereto the entire share capital (both equity share capital and preference share capital) of MASL is held by the Company. With respect to the above investments, the Statutory Auditors has certified that the Company is in compliance with the Regulations as regard downstream investment and other FEMA prescription.

Magma Housing Finance (MHF) (A Public Company with Unlimited Liability), is a step down subsidiary of the Company. MHF has made disbursements of ₹ 87,427.51 Lacs against ₹ 97,799.80 Lacs in previous year and has earned a PBT of ₹ 3,533.46 Lacs for the year ended 31 March 2016 against ₹ 1,648.94 Lacs in previous year.

Joint Ventures

The Company has a Joint Venture Agreement with HDI Global SE (Formerly HDI-Gerling Industrie Versicherung AG), for General Insurance Business in India in the name of Magma HDI General Insurance Company Limited (MHDI) (the 'JV Company'). MHDI has reported Gross Written Premium (GWP) of ₹ 42,736.70 Lacs in FY 2015-16 against ₹ 55,481.43 Lacs in FY 2014-15 registering a decline of 23%.

Your Company subscribed to 92,50,000 equity shares of MHDI, the JV Company at a price of ₹ 40/- each (including a premium of ₹ 30/- each) aggregating to ₹ 3,700 Lacs on rights issue basis and the said shares have been allotted as fully paid up on 29 July 2015. Subsequent thereto your Company's total equity shareholding in MHDI stands increased to 31.33% from 26.00%.

Jaguar Advisory Services Private Limited (JASPL), a Joint Venture with HDI Global SE (Formerly HDI-Gerling Industrie Versicherung AG) and the Company, is an Advisory Services Company domiciled in India. Presently, JASPL provides manpower services. JASPL has earned a PBT of ₹ 4.37 Lacs for the year ended 31 March 2016 against ₹ 4.60 Lacs in previous year.

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

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

DIVIDEND

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

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

2. **On Preference Shares:**

a) 0.50% i.e. ₹ 0.50 pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 20/- each for the period from 1 April 2014 to 16 February 2015 (both days inclusive); the shares were then redeemed on 17 February 2015.

b) 4.09% i.e. ₹ 4.09 pro-rata per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 40/- each for a day i.e. 1 April 2015 and 4.09% i.e. ₹ 4.09 pro-rata per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 20/- each (reduced to ₹ 20/- upon redemption of 4th instalment of ₹ 20/- each on 2 April 2015) for the period from 2 April 2015 to 31 March 2016 (both days inclusive); the shares were then redeemed on 4 April 2016 (1, 2 and 3 April 2016 being holidays).

c) 9.6% i.e. ₹ 9.60/- pro-rata per share dividend on 10,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each; the shares were then redeemed on 19 June 2015.

d) 12% i.e. ₹ 12/- pro-rata per share dividend on 25,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each; the shares were then redeemed on 30 June 2015.

e) 11% i.e. ₹ 11/- pro-rata per share dividend on 36,00,000 Cumulative Redeemable Non-Convertible Preference Shares of ₹ 100/- each; the shares were then redeemed on 11 November 2015.

TRANSFER TO RESERVE

The Company proposes to transfer a sum of ₹ 3,750 Lacs to Statutory Reserve. An amount of ₹ 47,129.24 Lacs is proposed to be retained in the Statement of Profit and Loss as at the end of FY 2015-16.

DEPOSITS

Being a non-deposit taking Company, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and provisions of Companies Act, 2013.

EMPLOYEE STOCK OPTION SCHEME

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

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

The details of the options granted and outstanding as on 31 March 2016 along with other particulars as required by Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 is posted on the website of the Company www.magma.co.in at https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/ and the Auditors' Certificate would be placed at the forthcoming Annual General Meeting pursuant to Regulation 13 of the said Regulations.

SHARE CAPITAL

Equity Shares

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

Issue of Equity Shares on preferential basis:

During the year 4,62,96,297 Equity Shares at a price of ₹ 108/- each aggregating to ₹ 50,000 Lacs including a premium of ₹ 106/- per Equity Share were allotted to Zend Mauritius VC Investments, Ltd, Indium V (Mauritius) Holdings Limited and 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.

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

During the year 92,500 Equity Shares of the face value of ₹ 2/- each were allotted to the eligible employees at a price of ₹ 60/- per Equity Share (including a premium of ₹ 58/- per Equity Share) and 14,000 Equity Shares at a price of ₹ 36/- per Equity Share (including a premium of ₹ 34/- per Equity Share) upon the exercise of stock options by the employees.

After the close of the financial year, 15,000 Equity Shares of the face value of ₹ 2/- each were allotted to the eligible employee at a price of ₹ 60/- per Equity Share (including a premium of ₹ 58/- per Equity Share), upon the exercise of stock options by the erstwhile employee of the Company pursuant to the terms of his agreement.

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

Consequent to issue of the additional Equity Shares as above, the issued, subscribed and paid up Equity Share Capital of the Company stands increased to ₹ 4,736.87 Lacs divided into 23,68,43,672 (Twenty Three Crore Sixty Eight Lacs Forty Three Thousand Six Hundred Seventy Two Only) Equity Shares of ₹ 2/- each as on date.

Preference Shares

During the year, as per terms of the issue the following Preference Shares were redeemed:

- 10,00,000 Nos., 9.6% Cumulative Non Convertible Redeemable Preference Shares of ₹ 100/- each aggregating to ₹ 1,250 Lacs was redeemed on 19 June 2015.
- 25,00,000 Nos., 12% Cumulative Non Convertible Redeemable Preference Shares of ₹ 100/- each aggregating to ₹ 2,500 Lacs was redeemed on 30 June 2015.
- 36,00,000 Nos., 11% Cumulative Redeemable Non Convertible Preference Shares of ₹ 100/- each aggregating to ₹ 3,600 Lacs was redeemed on 11 November 2015.

After the close of the financial year, as per the terms of issue of 65,00,999 Nos. Cumulative Non Convertible Redeemable Preference Shares of ₹ 100/- each (carrying dividend rate fixed at 6 months US Dollar Libor plus 3.25%), the fifth and the final installment aggregating US Dollar 3 million was redeemed on 4 April 2016.

Consequent to redemption of Preference Shares as above the paid up capital of the Company consist of only Equity Shares.

DEBT

Secured Debt

During the year, the Company issued 3,798 Nos. Secured Redeemable Non-Convertible Debentures of face value ₹ 10 Lacs each, aggregating to ₹ 37,980 Lacs.

In addition to above, the Company issued 2,500 Nos. Partly Paid up Secured Redeemable Non-Convertible Debentures of ₹ 0.60 Lacs each having the face value of ₹ 10 Lacs each aggregating to ₹ 1,500 Lacs.

Total amount raised through Secured Redeemable Non-Convertible Debt Instruments is ₹ 39,480 Lacs.

Perpetual Debt Instrument

During the year, the Company issued 140 Nos. of Unsecured Redeemable Non-Convertible Perpetual Debt in the nature of Debentures of face value of ₹ 5 Lacs each aggregating to ₹ 700 Lacs.

CREDIT RATING

During FY 2015-16, the Company obtained ratings from ICRA Limited (ICRA AA-) and India Ratings and Research (IND AA-) for its long term Debt Instruments. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Credit Analysis & Research Limited ('CARE') retained its ratings on the Company's Short term debt instruments & long term unsecured instruments. Short-term debt instruments are re-affirmed at CARE A1+, rating for subordinated debt instruments are re-affirmed at CARE AA-, reflecting that these instruments have high degree of safety regarding timely payment of financial obligations and carry very low credit risk. The rating of Perpetual Debt instruments have also been retained at CARE A+. The long term secured debt instruments of the Company and the bank facilities have been revised from CARE AA to CARE AA-.

A status of ratings assigned by rating agencies and migration of ratings during the year is also provided in note no. 35 (i) to the financial statements.

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

Particulars of loans, guarantee and investments outstanding during the financial year is furnished in note nos. 14, 19, 30 and 42 to the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the requirements in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as 'Listing Regulations') your Company prepared Consolidated Financial Statements in accordance with Accounting Standard-21-"Consolidated Financial Statements" and Accounting Standard-27-"Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India. The Consolidated Financial Statements forms part of this Report.

RISK MANAGEMENT

The Risk Management Committee (RMC), functions in line with the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015. The Committee met 4 times during the year, its terms of reference and functioning are set out in the Corporate Governance Report. The Company understands that risk evaluation and risk mitigation is a function of the Board of the Company and the Board of Directors are fully committed to developing a sound system for identification and mitigation of applicable risks viz., systemic and non-systemic. The Company has also implemented/adopted Risk Management Policy.

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

The Country faced economic slowdown which got aggravated due to successive monsoon failures in FY 2014 and FY 2015. The Rabi crop was extensively damaged in FY 2015 due to untimely rains and hailstorms. Magma's customer base is largely Rurban and it is this customer segment which got hit the most so much so that not only the primary sales of vehicles / tractors have gone down, the cash flow also got adversely affected.

Challenges in terms of Portfolio quality continued in FY 2015-16 and this has led to further calibrating the credit process and offerings. For better management of asset quality, the new system of monitoring the lending done during the previous month through a robust hindsighting process, hawk like focus on early delinquency cases and resolution thereof and new portfolio

measurement quality parameters have been implemented from last quarter of FY 2015-16 and the initial results are encouraging.

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

(a) Identification of the macro-economic indicators as relevant to Magma's lending business and

(b) Establishing and regular monitoring of delinquency parameters at the portfolio level

Lead indicators
Lead macro-economic growth indicators that govern Magma's credit & risk policies are as follows:
1. Gross Domestic Product
2. Index of Industrial Production
3. Core Sector index
4. WPI Inflation
5. CPI Inflation

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

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

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

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

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

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

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

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

Risks associated with employing people:
- Losing high performers / people in critical roles.
- Compensation not commensurate with profile and role leading to dissatisfaction/attrition or harbouring poor performers.

Risks associated with redeploying or letting people go include:
- Transfers: new roles, to group companies or new locations.
- Terminations or job loss due to organisation restructuring.
- Incurring costs after people are gone.

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

Foreign exchange risk

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

Liquidity risk management

Magma has over a period of 3 decades, worked meticulously in diversifying its borrowing profile and has repeatedly enhanced the set of institutions it borrows from. Such diversified and stable funding sources emanate from several segments of lenders like Banks, Insurance Companies, Mutual Funds, Pension funds, Financial and other institutions including Corporates. In addition to this the Company has established a formidable track record in its access to the securitisation / assignment market. As a matter of prudence and with a view to manage liquidity risk at optimum levels, Magma keeps suitable levels of unutilised bank limits to effectively mitigate possible contingencies arising out therefrom.

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

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

INTERNAL CONTROL SYSTEM

Internal Audit

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

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

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

The reviews are conducted periodically by the Internal Audit function covering range of business processes, functions and locations. The Audit Committee periodically reviews internal audit reports and brings to the notice of the Board any significant process deviations.

Internal Financial Control

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

i. Systems have been laid to ensure that all transactions are executed in accordance with management's general and specific authorisation. There are well-laid manuals for such general or specific authorisation.

ii. Systems and procedures exist to ensure that all transactions are recorded as necessary to permit preparation of financial statements in conformity with Generally Accepted Accounting Principles or any other criteria applicable to such statements, and to maintain accountability for aspects and the timely preparation of reliable financial information.

iii. Access to assets is permitted only in accordance with management's general and specific authorisation. No assets of the Company are allowed to be used for personal purposes, except in accordance with terms of employment or except as specifically permitted.

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

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

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

HUMAN RESOURCE- PEOPLE COUNT AT EVERY STEP

At Magma, our people are the key drivers in making our brand prominent and promising. We aim to enhance their skills in every possible way, so that they can add more value for the Company and at the same time accelerate their career progression.

This has been an eventful year for us as we fine-tuned our HR strategies to ensure sustainable growth. We focused on building a versatile team, capable of efficiently managing multiple business functions, thereby increasing productivity.

Learning and development

- As a progressive organisation, we restructured our business model to ensure 'Profitable Growth'. Recognising the challenges faced by our people in performing their new roles, we invited them to a two-day workshop. We focused on upgrading their skills to make them attuned to the new role. During the workshop, expert trainers spent time with two of the key stakeholders in the new business structure – regional business heads and regional credit heads to train them on finesse, knowledge and nuances of facilitation skills. The workshop focused on overcoming stage fright, managing training participants, improving non-verbal skills and handling participant queries, using appropriate communication codes.

- Post restructuring, our field officers were made responsible to perform all three functions – sales, credit and collections together. We conducted training exercises for 3600 field officers at their respective branch offices to equip them and make them understand the importance of executing all three roles with similar efficiency. They were trained on sales, credit and collections to develop their functional skills and domain knowledge, making them ready for the transformational journey. The objective was to develop end-to-end accountability among the workforce.

- We have provided our field officers with user-friendly tabs to streamline the process and save time. Therefore, relevant training has also been given to them to utilise this technology in the best possible way.

- We also conducted trainings through our online channel portal to ensure all-round development, anytime, anywhere.

Recruitment and reallocation

- Post restructuring of the business model, we split some of our large branches into smaller branches, leading to opening of new branches to go closer to talukas and tehsils. We reallocated people from the existing branches to new smaller branches.

- We also recruited local people with relevant domain knowledge and awareness about local market trends.

Driven by technology

- We implemented the 'People Soft' software to recalibrate HR practices by developing the employee service levels. This software is used to support multiple HR functions like recruitment; employee engagement; organisation, leadership and development; learning and development; and appraisals. Consequently, it has resulted in delivering more promising business outcomes.

Incentive schemes

- We have refined our incentive scheme and sharpened the key performance indicators (KPIs) for people to ensure better accountability and understanding. People are now aware of what they really need to achieve in terms of disbursement numbers, portfolio quality and cross selling, among others. There is a monthly incentive scheme based on the monthly performance of employees.

- We launched a competitive programme, Magma Yoddha Championship for our employees. In this challenging event, people had to work smart and achieve their target to get attractive rewards, including cash prizes, foreign trips and many more.

Employee-engagement activities

- **Mission India:** On 1 December 2015, over 9,000 Magmaites across 220+ locations celebrated the launch of 'Mission India'. The programme began with a Puja, hosted by the newly appointed branch managers at each of the locations. An audio-visual message of our Vice Chairman & Managing Director (VC&MD) was shown simultaneously at all branch offices to communicate Magma's transformational journey. Members from the leadership team and other senior members visited various locations, took part in the celebrations and handed over letters signed by the VC&MD to the branch managers.

- **Alaap:** We conducted a programme called Alaap at the launch of the Mission India event. As a part of this programme, our senior members initiated informal interaction with everyone present in the event. This day also witnessed the launch of our social impact initiative, Swayam. Besides, Magmaites shared their wish through 'I Wish' activity, where they wrote their wishes on a card, tied it up with a gas balloon and released it. The event concluded with the handing over of tablets, blue tooth, printers, and upgradation of POC and POS applications.

- We continued our marquee event, Rendezvous across 20 locations with over 4,000 participants.
- We also celebrated important days of the year like Women's Day and Diwali to emphasise on work-life balance, as well as to strengthen the bond between employees.
- Quarterly, we identify about 50-60 field officers who perform outstandingly, and they are called by our VC&MD. He personally congratulates them for their achievements and this direct acknowledgement motivates them.
- We send regular videos to people and have started communicating in vernacular languages to strengthen the communication process.

Thank you note

- This year, we took a special initiative to thank the family members of our employees for supporting them to contribute to Magma. Appraisal letters were thus sent to parents or wives of our employees to make them feel special.

Employee retention endeavours

Employee retention has always remained one of our most significant focus areas. To strengthen the process, we primarily emphasised on:

- Maintaining work-life balance
- Personally communicating with our employees to understand their problems
- Conducting frequent counselling sessions

In the recent past a large number of people have rejoined Magma.

Outlook

In the coming year, we will focus on three specific areas:

- Upgrading HR service: We want to upgrade our technology to make the HR system more efficient, quick and effective.
- Driving performance and productivity: We will continue to train our employees, and make them aware of the incentives to increase their performance level.
- Restructuring HR: We are also restructuring our HR, aligned to the new business model. With the growth in Insurance and Housing segments, we are strengthening HR initiatives in these two sections.

Team strength as on 31 March 2016	Number of training programmes conducted during FY 2015-16	Person day of training imparted during FY 2015-16
3,967	410	17,143

Sexual Harassment of Women at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules thereunder. During the year under review, no case of sexual harassment was reported.

INFORMATION TECHNOLOGY

At Magma, Information Technology plays a vital role in enabling the business to transform and also run the day to day operations with precision. During FY 2015-16, we made significant strides in three important areas: streamlining business processes, enabling execution excellence and building the organisation for the future.

- Streamline Business Processes using IT as a lever
  - IT has enabled a major transformation of the business into the Strategic Business Unit (SBU) model also known as Project SMART. This was achieved by providing a single technology platform using Android tablets in the hands of the several thousand Field Officers using which they can perform both their sales and collection activities. Sales activities like journey plans and efficiency dashboards have been implemented too.
  - Significant parts of the credit underwriting process (such as CIBIL calls) have been streamlined by integrating with third parties and reducing manual intervention.
  - Magma is in the process of implementing industry standard FinnOne Neo having a complete workflow based loan processing system with features such as auto allocation, re-allocation of task, escalation process, deviation management and SLA monitoring.
- Enable Execution Excellence by using data
  - The Field Officers can use the Decision Support System (DSS) on their mobile tablets, to perform

customer fitment as per credit norms and offering decision via algorithm. A CADD form for capturing all information for Credit team to take decision also has been implemented. Together these developments have simplified the entire sales process.

- Business Intelligence dashboards have been fully rolled out covering all areas of the businesses. Reports that were earlier being prepared manually have been automated providing data from one source, for the business to make data driven decisions.

- Magma has also implemented a sophisticated fuzzy logic system to de-duplicate customer records so that new customers can be identified better. This enables better underwriting as customers applying for multiple proposals can be easily identified.

- Build the Organisation

  - We consolidated upon our Peoplesoft rollout to streamline various HR processes such as recruitment, separation, employee self service, succession planning and performance management and expense reimbursement system.

  - The Magma Service Desk (MSD) that was implemented for IT, has been rolled out to HR and Admin. We have seen significant usage of this which has improved employee satisfaction. MSD also provides other capabilites like Asset Management System that is being used to track thousands of IT assets like laptop, desktops, Network equipment.

  - Various projects to protect the organisation's data and strengthen the information security have been implemented. These cover single sign-on mechanism for access to multiple business applications, implementation of Mobile Device Management (MDM) for enforcement of compliance to security controls on mobile end points (Tabs, HHDs), tightening end device controls and establishing effective monitoring controls over Antivirus & Antispam infrastructure, Email Data leakage prevention and Security Operations Centre (SOC).

During FY16-17, we will continue the momentum on these and other initiatives with distinct focus on business value and cost optimisation.

CORPORATE IMAGE BUILDING & ENGAGING TARGET AUDIENCE

With a not so aggressive book building plan, the key focus for Magma group in FY16 was largely on Below-The-Line marketing activations across targeted geographies. These activation programs were anchored around core business requirement, with low-cost visibility at dealership level and engaging the target audience through well planned series of activities; largely the multi product events were undertaken across business domains in line of positioning ourselves as 'Multi-Product Loan Solutions Provider'. Through these multi-product events, we have showcased all asset products from Magma stable including Housing under one umbrella; these have helped us to engage with our existing customers as well with an objective of Cross Selling. Multi product and Multi brand dealers were made a part of such events to offer instant credit decisions and asset approval to participating customers. Most of such events were conducted in smaller locations across the states. The key focus in sales activities revolved around automation and tablet adoption, to leverage the revamped sales process changes being undertaken across all loan products.

For Autolease business, in last FY, we have organised multiple test-drive campaigns and events in association with Car Manufacturers & Dealers, at various corporate premises, SEZs targeting the right AutoLease audience. Interesting & engaging event formats for targeted employees with/ without a layering of various consumer promotions including but not limited to exclusive offers from our key car-manufacturing partners like - BMW, Ford, etc. have helped us to get a higher mindshare from targeted audience.

In the Housing business, Magma focussed on Affordable Housing projects by putting up hoardings at approved project locations and those funded by us for Construction loans. We attended all National Housing Bank and builder association anchored events and in some smaller locations, even organised Builder meets to make them familiar with Magma Housing products and build relationships. "Shikhar", an in-branch Cross selling initiative was taken across all the states through-out the year where existing customer of ABF business were invited and availed spot sanctions on Homeloans. The branches were decorated around all key festivals when these events were conducted, and entire ABF teams were also involved, as the existing customers was the key target for this activity.

At Magma HDI, like the other businesses, the focus was more on local events and activities engaging both end consumers & intermediaries. MHDI also have created a new specially designed channel kit that was shared with most of the Agents, which was highly appreciated. In February 2016, a mega event was organised in Delhi to engage all large corporate brokers from north India,

with an overseas team of HDI making the presentation. The meeting had an unprecedented attendance of over 125 insurance brokers attending this event. Towards the end of the year, MHDI also launched an agent Loyalty Program called 'The Masters Club' for intermediaries with a clear objective of higher engagement & higher business pie.

Apart from engaging our target audience through various Below The Line marketing activations for our multiple product lines, at a corporate level, we have also developed an unique corporate brand identity along with all focused products across various marketing channels – BTL, Digital & Internal engagement activities to enhance our brand image & position to achieve planned relevance among targeted stakeholders. Accordingly, we have developed our long-term creative strategy 'Aapke Sapne Hamara Saath', based on consumer & channel insights focusing on focused products and in-line with our core positioning of 'Investing in a smallest dream' which helped us to connect with our target audience through a distinctive & clutter free communication. To connect with our Rurban target audience, the said communication was executed in vernacular languages and to maintain uniform & cohesive communication we have already implemented this communication strategy across all internal, consumer & channel touch points.

We have also upgraded our existing signature tune as per the latest industry standards and launched 'Magma Dhun' - the first of its kind of audio mnemonic in NBFC category. We have already implemented the same at various consumer touchpoints like – call centre, etc as a caller tune for better brand recall. This would also help us to establish our brand in long run.

While intensified & deepened on-ground marketing activations helps us penetrate into our targeted geographies & engage the end consumers & intermediaries, our focused digital strategy has helped us to create higher brand recall & thought leadership in respective categories in online domain engaging investors, consumers & channel partners. We constantly communicate & engage our end consumers & intermediaries through various available online channels across their journey to add value to their life. Our Digital campaigns has truly complimented the BTL initiatives & create 'thought leadership' in online domain in respective product categories. In FY 2015-16, while significant efforts on organic search has helped us to improve our ranking in google search & have created positive effects on web based target audience, Cutting edge social media campaigns based on core thought process of #Celebrating Dreams during peak business seasons has helped us to maximise brand recall & enhanced emotional brand connect with stakeholders, consumers & channel partners. One of our social media campaign - '#27YrsOfCelebratingDreams - Disha Ki Kahani' with 92K+ views was a 1st of its kind in Magma which went viral in online social media framework & increased our brand awareness.

CUSTOMER RELATIONSHIP MANAGEMENT

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

In our constant endeavour to provide excellence in customer relationship management & constantly improve our service delivery level, we have also positioned our major social media platforms i.e. Facebook & Twitter, as a 'Listening Platform' for our end customers. This is in line with latest digital trends which has opened up another channel for our customers to connect with us & improved service delivery level to end consumers. Our presence in prominent social media platforms like – Facebook, Twitter & Linkedin has not only has helped us to serve existing customers, but also has helped us to tap online queries of our potential customers, potential channel partners & potential employees & engage them through multiple initiatives. During the year, we have also launched various customer feedback studies through our call centre, in-branch customer services, short-code services & emailer campaigns. We are working on a number of digital initiatives in the coming year to make ourselves more customer centric which will translate into better customer experience, engagement and loyalty.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment

Your directors at its meeting held on 12 May 2016 on the recommendation of the Nomination and Remuneration Committee had appointed Mr. Srenik Singhvi (DIN: 01320619) as the Additional Director in the capacity of Non-Executive Independent Director with effect from 12 May 2016 who holds office upto the date of ensuing Annual General Meeting (AGM) of the Company or the last date on which AGM should have been

held, whichever is earlier. Mr. Singhvi is also proposed to be appointed as an Independent Director of the Company with effect from 12 May 2016, subject to the approval of the shareholders of the Company at the ensuing AGM.

Your Company has received notice from a member pursuant to Section 160(1) of the Companies Act, 2013 signifying the intention to propose the candidature of Mr. Singhvi as the Director of the Company.

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

Re-appointment

Your Directors at its meeting held on 9 February 2016 and 12 May 2016 on the recommendation of the Nomination and Remuneration Committee has reappointed Mr. Sanjay Chamria (DIN: 00009894) as the Vice Chairman & Managing Director and Mr. Mayank Poddar (DIN: 00009409) as the Executive Chairman of the Company for a term of 5 years which is effective from 1 April 2016 and 1 July 2016 respectively. The reappointment of Mr. Chamria and Mr. Poddar is subject to the approval of the shareholders.

Your Company has received notice from a member pursuant to Section 160(1) of the Companies Act, 2013 signifying the intention to propose the candidature of Mr. Chamria and Mr. Poddar as the Directors of the Company.

Mr. Poddar and Mr. Chamria are not disqualified from being appointed as a Directors as specified in terms of Section 164 of the Companies Act, 2013.

Resignation

Mr. Neil Graeme Brown (DIN: 01313315) who was the Non Executive Independent Director of the Company resigned from the Board of Directors with effect from 6 May 2016.

The Board of Directors placed on record their deep appreciation for the enormous contribution made by Mr. Brown as an Independent Director of the Company. The Company and the Board benefitted immensely from Mr. Brown's vast experience, knowledge and insights of the industry and operations of the Company.

Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013, Mr. Sanjay Nayar (DIN: 00002615) retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment.

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

Brief profile of Mr. Singhvi, Mr. Chamria, Mr. Poddar and Mr. Nayar who are to be appointed/re-appointed, as stipulated in terms of Regulation 36 of Listing Regulations is furnished in the Notice of the ensuing AGM. The Board of Directors of your Company recommends the appointment/re-appointment of the said Directors at the ensuing AGM.

Company Secretary and Compliance Officer

During the year Mr. Kailash Baheti, stepped down from the post of Company Secretary and Compliance Officer of the Company with effect from close of business hours of 1 August 2015 and in his place Ms. Shabnum Zaman has been appointed as the Company Secretary and Compliance Officer of the Company with effect from 2 August 2015. The Nomination and Remuneration Committee of the Board has recommended the said appointment to the Board of Directors.

Independent Directors

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

Familiarisation programme

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

Performance Evaluation

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

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

The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meetings with the

Executive and Non-Executive Directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/ Committee processes.

The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at their meeting, reviewed the performance of the Board as a whole, Chairman of the Company and of Non-Independent Directors.

Remuneration Policy

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. that in the preparation of the annual accounts for the year ended 31 March 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2016 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the annual accounts have been prepared on a going concern basis;

e. that proper internal financial controls are in place and that the financial controls are adequate and are operating effectively; and

f. that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

MEETINGS

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

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

Audit Committee

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

Nomination and Remuneration Committee

Pursuant to resignation of Mr. Neil Graeme Brown, the Nomination and Remuneration Committee was reconstituted and presently comprises of Mr. Nabankur Gupta who serves as the Chairman of the Committee and Mr. Narayan K Seshadri, Mr. Mayank Poddar, Mr. Satya Brata Ganguly and Ms. Ritva Kaarina Laukkanen as other members. The terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report.

Stakeholders' Relationship Committee

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

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee comprises of Mr. Mayank Poddar who serves as the Chairman of the Committee and Mr. Sanjay Chamria and Mr. Satya Brata Ganguly as other members.

The Annual Report on CSR activities is annexed herewith and marked as Annexure 1.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with Related Parties are placed before the Audit Committee and also the Board for approval. All related party transactions that were entered into during the financial year were on an arm's length basis and were usually in the ordinary course of business, the particulars of such transactions are disclosed in the notes to the financial statements. There has been no materially significant related party transactions between the Company and its directors, their relatives, subsidiaries or associates except for those disclosed in this Report and marked as Annexure 2.

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

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

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

STATUTORY AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants having Firm's Registration No.: 101248 W / W – 100022 and having their office at Maruthi Info-Tech Centre, 11-12/1 Inner Ring Road, Koramangala, Bangalore-560 071 have expressed their willingness to be re-appointed as the Statutory Auditors of the Company for a period of 5 years i.e. from the conclusion of 36th Annual General Meeting (for FY 2015-16) till the conclusion of the 41st Annual General Meeting (for FY 2020-21) of the Company.

As required under the provisions of Section 139(1) of the Companies Act, 2013 ('the Act'), the Company has received a written consent from the Auditors for their re-appointment and a certificate, to the effect that their re-appointment, if made, would be in accordance with the Act and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Act. They have also confirmed that their re-appointment as Statutory Auditors, if made, would be within the prescribed limit under Section 141 of the Act.

Statutory Auditors' Observations

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

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s. MKB & Associates, Practicing Company Secretaries [Membership No-7596] to conduct the Secretarial Audit for FY 2015-16. The Secretarial Audit Report for the financial year ended 31 March 2016 is annexed herewith and marked as Annexure-3. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

CORPORATE GOVERNANCE

Your Company complies with the provisions laid down in Corporate Governance laws. It believes in and practices good corporate governance. The Company maintains transparency and also enhances corporate accountability. In terms of regulation 34 of Listing Regulations read with Schedule V, the following forms part of this Report:

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

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

Your Company does not have any activity requiring conservation of energy or technology absorption and the foreign exchange earnings and the foreign exchange outgo of the Company is furnished in note no. 33 to the financial statement.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 forms part of this Report and is annexed herewith and marked as Annexure-4.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

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

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956 as amended from time to time and/or relevant corresponding provision of the Companies Act, 2013 once notified, relevant amount which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund (IEPF). During the year under review your Company has transferred ₹ 1,73,935/- (Rupees One Lacs Seventy Three Thousand Nine Hundred Thirty Five Only) to IEPF.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 1 August 2015 (date of last Annual General Meeting) on the Company's website (www.magma.co.in), as also on the Ministry of Corporate Affairs' website.

APPRECIATION

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

CAUTIONARY STATEMENT

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

For and on behalf of the Board

Mayank Poddar
Chairman
DIN: 00009409

Sanjay Chamria
Vice Chairman and Managing Director
DIN: 00009894

Kolkata
12 May 2016

Annexure - 1 to Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

   Web-link of the CSR Policy:

   The CSR Policy adopted by the Company may be referred to, at the web-link https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/.

2. **The Composition of the CSR Committee**

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

3. **Average net profit of the Company for last three financial years**

   Average net profit of the Company for last three years is ₹ 23,965.96 Lacs

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

   The Company was required to spend ₹ 479.32 Lacs based on the average net profit mentioned in Para 3 above.

5. **Details of CSR spent during the financial year**

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

      The total amount to be spent by the Company during FY 2015-16 was ₹ 826.37 Lacs which included amount carried forward from the previous FY 2014-15 i.e. ₹ 347.05 Lacs. The Company had proposed to spend ₹ 756 Lacs during the year under review, and the balance sum of ₹ 70.37 Lacs to be carried forward to the next year.

   b. **Amount unspent, if any:**

      Out of the proposed spend of ₹ 756 Lacs, only sum of ₹ 283.99 Lacs was spent and the balance ₹ 472.01 Lacs remain unspent. Thus, the total unspent amount is ₹ 542.38 Lacs which is carried forward for the next financial year.

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

(₹ in Lacs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	**CSR project or activity identified**	**Sector in which the project is covered**	**Location of project (District & State)**	**Amount outlay**	**Amount spent on the projects or programs**	**Cumulative Expenditure up to the reporting period**	**Amount spent: Direct or through implementing agency**
1	Trucker's Initiative	Health, Sanitation and Environment	Karimnagar & Vijaywada (Andhra Pradesh), Kanpur (Uttar Pradesh), Bhillai, (Chattisgarh), Patna (Bihar), Sangrur (Punjab), Hapur & Faridabad (NCR), Karnal (Haryana)	277.00	230.45	230.45	Direct
2	M Scholar	Education	PAN India	32.00	20.07	20.07	Direct
3	Mid Day Meal	Health and Education	Kolkata (West Bengal)	7.00	4.50	4.50	ISKCON Food Relief Foundation (IFRF)
4	Ekal Vidyalaya Project	Education	Simdega (Jharkhand)	25.00	4.50	4.50	Friends of Tribal Society (FTS)
5	M Art, Project for employment enhancement	Education	Kolkata (West Bengal), Chandigarh (Punjab) and Nagpur (Maharashtra)	20.00	1.93	1.93	Direct
6	Magma Swayam	Healthcare and Education	Kolkata (West Bengal), Bhubaneshwar (Orissa), Chandigarh (Punjab), Karnal (Haryana), Jaipur (Rajasthan), Delhi, Lucknow (Uttar Pradesh), Hyderabad (Andhra Pradesh), Vijayawada (Andhra Pradesh), Kerala, Raipur (Chattisgarh), Chennai (Tamil Nadu)	50.00	8.36	8.36	Direct
7	Magma Park and planting saplings	Environment	Kolkata (West Bengal)	50.00	0.69	0.69	Direct
8	Security, Privacy & Dignity Project for Rural School	Health and Sanitation	West Bengal, Madhya Pradesh, Andhra Pradesh and Haryana.	225.00	-	-	-
9	Clean drinking water for rural schools	Health and Drinking Water	West Bengal, Madhya Pradesh, Andhra Pradesh and Haryana.	40.00	-	-	-
	Total			**726.00**	**270.49**	**270.49**	
	Total Direct expenses of project & programmes (A)			-	-	-	
	Overhead expense (B)			30.00	13.49	13.49	
	Total (A) + (B)			**756.00**	**283.99**	**283.99**	

6. Key achievements

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

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

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

Trucker's Initiative

Over the years, Magma has been encouraging millions of drivers within the country's transportation sector to turn into entrepreneurs by financing the purchase of commercial vehicles. Fuel accounts for 50-60 per cent of the operating costs of plying a truck. At a time when diesel costs peaked at ₹ 67 per litre and profitability of the transport sector declined, Magma reasoned that its CSR engagement needed to focus on how truckers could derive superior mileage, better earnings and wider prosperity.

Magma collaborated with Petroleum Conservation Research Association (PCRA), a Government of India undertaking to launch a nation-wide initiative to help Indian truckers reduce their operating costs by improving their mileage and hence reduce air pollution that causes many ailments among truckers. Training workshops on improving driving habits for better mileage and fuel conservation are organised regularly. Besides, certification and installation of E-toilets are also carried out with an aim to improve the hygiene sanitation facility. Through a survey done for the initiative for all group companies, we found that 90% of the drivers were satisfied from the trainings and 88% have implemented the techniques which resulted in saving significant volume of fuel and reduced large amount of CO_2. Under the program, Magma and PCRA have so far trained over 27,231 Truckers in 11 Transport Nagars across the country.

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

Magma provided financial assistance to 50 meritorious students from low income families across the country to meet a part of their education and related expenses while pursuing higher studies. The scholarship is applicable for the Indian students who have appeared for senior secondary board exams and who wish to pursue Undergraduate and Postgraduate studies at a recognised college/ university in India.

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

Mid Day Meal programme

Mid Day Meal is a strategic program, instituted by Government of India, to liberate the underprivileged children from scourge of hunger and malnutrition. ISKCON Food Relief Foundation (IFRF) is the biggest implementer of this program under the brand name 'Annamitra' in select schools in Delhi, Maharashtra, Rajasthan, Andhra Pradesh, Madhya Pradesh, Uttaranchal, Haryana, Jharkhand, Assam and West Bengal. The 'Annamrita' program is based on the belief that one meal a day brings thousands of children to school. Magma pledged support for "Annamrita" for 750 students from KMC schools for a complete school year. The idea was to provide hygienically cooked, balanced, nutritious, wholesome food for children in municipal and government aided schools in Kolkata.

Ekal Vidyalaya Project - taking education to remote India

Magma partnered with the Friends of Tribal Society (FTS) for their Literacy Project and adopted 13 schools in rural locations across the country. Titled Ekal Vidyalaya, this is an innovative concept of One Teacher, where a single trained teacher educates children in the age group of 6-14 years for three hours every day using informal methods. The school curriculum is tailored to teach the children basic literacy and life skills to help them develop self-confidence and succeed in rural occupations and pursue higher education.

M-ART

Magma promotes and encourages art and upcoming talented artists by organising M-ART in several cities across the country. The workshop is held over two days and it has promising artists colouring the canvases with great enthusiasm.

Magma has always encouraged and nurtured talents in the field of art. The M-ART Workshops started off in Kolkata and has been held for over 8 years. It is a unique initiative that provides a platform to these budding artists to showcase their talent. Scholarship is awarded to promising artists at the workshop for enhancing their skill.

Magma Swayam – Corporate Volunteering Program

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

Awards

The impact made by Magma has received its due commendation. Magma has received the Asia Pacific HRM Congress Awards 2015 in the category of Best CSR practices.

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

Your Company would like to submit that this being the initial phase of structured implementation of CSR initiatives, Magma is under process of tie-up up with various associations/organisation/trust for pursing the CSR activities as envisaged in the CSR Policy.

Magma has been extending support to the Society by way of various CSR activities. Pursuant to enactment of Companies Act, 2013, this is the second year in which the Company commenced the CSR activities in an organised way. The process of the identifying activities and various tie ups delayed the expenses towards the minimum allocation of the CSR spend towards the year end and hence the Company could not spend full amount of envisaged CSR expenditure. The Company would strive to fulfill its commitment for FY 2015-16 by spending the amount carried forward in FY 2016-17.

8. Responsibility Statement

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

Sanjay Chamria
(Vice Chairman and Managing Director)

Mayank Poddar
(Chairman CSR Committee)

Annexure - 2 to the Board's Report

Form No. AOC-2

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

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

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:

There were no contracts or arrangements or transactions entered into by the Company with its related parties during the year ended 31 March 2016, which were not at arm's length basis.

2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:

a.	Name of the related party and nature of relationship	:	Magma Advisory Services Limited, Subsidiary Company
b.	Nature of contracts/arrangements/transactions	:	Purchase of 3,55,55,556 Non-Redeemable Non-Cumulative Non Participating Compulsory Convertible Preference Shares on 9 February 2016
c.	Duration of the contracts / arrangements/transactions	:	-
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	:	Value: ₹ 24,888.89 Lacs
e.	Date(s) of approval by the Board, if any	:	2 April 2015
f.	Amount paid as advances, if any	:	Nil

For and on behalf of the Board

Sanjay Chamria
Vice Chairman and Managing Director
DIN: 00009894

Mayank Poddar
Chairman
DIN: 00009409

Kolkata
12 May 2016

Annexure - 3 to the Board's Report

SECRETARIAL AUDIT REPORT
Form No. MR-3

For The Financial year ended 31 March 2016

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

To
The Members,
Magma Fincorp Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Magma Fincorp Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2016, to the extent applicable, according to the provisions of:

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

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

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

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

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

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

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

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

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

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

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

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

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

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

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

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

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

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

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

f) Master Circular dated 1 July, 2015 on Frauds – Future approach towards monitoring of frauds in NBFCs;

g) Issuance of Non-Convertible Debentures (Reserve Bank) (Amendment) Directions, 2010 read with Guidelines on Raising Money through Private Placement by NBFCs issued on 27 June, 2013 read with RBI's Circular dated 2 July, 2013 and 20 February, 2015;

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

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

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India [Applicable from 1 July, 2015];

b) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Applicable from 1 December, 2015];

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

We further report that

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

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

a) Preferential Allotment of 4,62,96,297 nos. Equity shares of ₹ 2/- each on 8 May 2015 at a price of ₹ 108/- per share;

b) Allotment of Equity shares of ₹ 2/- each under the Scheme of ESOP, namely, "Magma Employee Stock Option Plan, 2007" as under:

   i) 30,000 nos. equity shares on 24 April, 2015;

   ii) 29,000 nos. equity shares on 31 July, 2015;

   iii) 47,500 nos. equity shares on 8 February, 2016;

c) Preferential issue of Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each as under:

   i) 1,000 nos. issued on 30 April, 2015;

   ii) 548 nos. issued on 11 May, 2015;

   iii) 1,650 nos. issued on 26 August, 2015;

   iv) 600 nos. issued on 1 September, 2015;

d) Preferential issue of 2500 nos. Partly Paid up Secured Redeemable Non-Convertible Debentures of ₹ 60,000/- each having face value of ₹ 10,00,000/- each on 4 February, 2016;

e) Preferential issue of 40 and 100 nos. Unsecured Non-Convertible Subordinate Perpetual Debt in the nature of debentures of ₹ 5,00,000/- each on 18 September, 2015 and 15 October, 2015 respectively;

f) Redemption of 10,00,000 nos. 9.6% Cumulative Non Convertible Redeemable Preference Shares of ₹ 100/- each on 19 June, 2015;

g) Redemption of 25,00,000 nos. 12% Cumulative Non Convertible Redeemable Preference shares of ₹ 100/- each on 30 June, 2015;

h) Redemption of 36,00,000 nos. 11% Cumulative Non Convertible Redeemable Preference shares of ₹ 100/- each on 11 November, 2015;

i) Early redemption of 1000 and 500 nos. Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each on 21 September 2015 and 8 March, 2016 respectively.

We further report that during the year under audit, the Company has adopted a new set of Articles of Association in substitution and entire exclusion of existing Articles of Association as approved by shareholders by postal ballot on 29 June, 2015 pursuant to section 14 of the Companies Act, 2013 and rules made there under.

The Articles of Association were further amended by inserting Chapter V and VI to the existing Articles of Association of the Company by seeking approval of shareholders by postal ballot on 1 October, 2015.

We further report that during the period under audit, the Company has passed the following special resolutions which authorise the Board to exercise power thereto, but presently do not have any major bearing on the Company's affairs:

(i) Issue on private placement basis one or more debt securities during FY 2015-16 upto an amount of ₹ 2,200 Crore under section 180(1)(c), 42 and 71 of the Companies Act, 2013;

(ii) Issue and allotment on private placement basis one or more of non convertible debt securities during FY 2016-17 upto an amount of ₹ 1,800 Crore under section 180(1)(c), 42 and 71 of the Companies Act, 2013;

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

For **MKB & Associates**
Company Secretaries

Manoj Kumar Banthia
(Partner)
ACS no. 11470
COP no. 7596

Date: 5 May, 2016
Place: Kolkata

ANNEXURE- I

To
The Members,
Magma Fincorp Limited

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

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

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

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

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

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

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **MKB & Associates**
Company Secretaries

Manoj Kumar Banthia
(Partner)
ACS no. 11470
COP no. 7596

Date: 5 May, 2016
Place: Kolkata

Annexure - 4 to the Board's Report

Form No. MGT- 9

Extract of Annual Return for the Financial Year ended on 31 March 2016

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L51504WB1978PLC031813
ii)	Registration Date	:	18 December 1978
iii)	Name of the Company	:	Magma Fincorp Limited
iv)	Category / Sub-Category of the Company	:	Public Company – Limited by shares
v)	Address of the Registered office and contact details	:	Magma House, 24, Park Street Kolkata - 700 016, West Bengal, India. Telephone Nos. : 033-4401 7350 / 7200 Facsimile Nos. : 033-4401 7313 e-mail : shabnum.zaman@magma.co.in
vi)	Whether listed company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Niche Technologies Private Limited D-511, Bagree Market, 5th Floor, 71 B. R. B. Basu Road, Kolkata - 700 001, West Bengal, India Telephone Nos. : 033-2235 7270 / 7271 Facsimile Nos. : 033-2215 6823 e-mail : nichetechpl@nichetechpl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

(Contributing 10% or more of the total turnover of the Company)

Sl. No.	Name and Description of main products / services	NIC Code of the Products / services	% to total turnover of the Company
1	Financing for Tractors, Commercial Vehicle, Construction Equipment, Cars, Used Vehicles, mortgage and loans to micro, small and medium enterprises (MSME)	649	99.5

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held by the Company	Applicable Section
1.	Magma ITL Finance Limited Magma House, 24 Park Street Kolkata - 700 016, West Bengal.	U65910WB2007PLC120137	Subsidiary	74%	2(87)
2.	Magma Advisory Services Limited Magma House, 24 Park Street Kolkata - 700 016, West Bengal.	U74999WB2012PLC181922	Subsidiary	100%	2(87)
3.	Magma Housing Finance (A Public Company with Unlimited Liability) 8 Sant Nagar, East of Kailash New Delhi - 110 065.	U65922DL2004ULL125931	Step Down Subsidiary	100%	2(87)
4.	Jaguar Advisory Services Private Limited 24 Park Street, Kolkata - 700 016 West Bengal.	U74140WB2009PTC136492	Joint Venture	48.89%	2(6)
5.	Magma HDI General Insurance Company Limited 24 Park Street, Kolkata - 700 016 West Bengal.	U66000WB2009PLC136327	Joint Venture	31.33%	2(6)

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

(i) Category-wise Shareholding :

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1 April 2015				No. of Shares held at the end of the year i.e. 31 March 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
(a) Individual/HUF	481580	NIL	481580	0.25	481580	NIL	481580	0.20	(0.05)
(b) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c) State Govt.(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d) Bodies Corp.	63450383	NIL	63450383	33.32	63450383	NIL	63450383	26.79	(6.53)
(e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A)(1):-	**63931963**	**NIL**	**63931963**	**33.57**	**63931963**	**NIL**	**63931963**	**26.99**	**(6.58)**
(2) Foreign									
(a) NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**63931963**	**NIL**	**63931963**	**33.57**	**63931963**	**NIL**	**63931963**	**26.99**	**(6.58)**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
(a) Mutual Funds	2079588	NIL	2079588	1.09	1668391	NIL	1668391	0.70	(0.39)
(b) Banks / FI	34714	122690	157404	0.08	28895	122690	151585	0.06	(0.02)
(c) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d) State Govt.(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(g) FIIs	50806659	NIL	50806659	26.68	21004428	NIL	21004428	8.87	(17.81)
(h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(i) Others (specify)									
Foreign Bodies Corporate	26854375	5	26854380	14.10	-	-	-	-	(14.10)
Multilateral Development Organisation (IFC)	23000000	NIL	23000000	12.08	-	-	-	-	(12.08)
FPI Corporate-Cat II	4567947	NIL	4567947	2.40	-	-	-	-	(2.40)
Foreign Portfolio Investors	-	-	-	-	96150672	5	96150677	40.60	40.60
QFI-Corporate	-	-	-	-	33908527	NIL	33908527	14.31	14.31
Sub-total (B)(1):-	**107343283**	**122695**	**107465978**	**56.43**	**152760913**	**122695**	**152883608**	**64.54**	**8.12**
(2) Non-Institutions									
(a) Bodies Corp.									
i) Indian	6380507	38985	6419492	3.37	7997742	38985	8036727	3.39	0.02
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

(i) Category-wise Shareholding :

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1 April 2015				No. of Shares held at the end of the year i.e. 31 March 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lacs	5658829	1076315	6735144	3.54	5715461	1062465	6777926	2.86	(0.68)
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lacs	3614584	70000	3684584	1.94	1916792	70000	1986792	0.84	(1.10)
(c) Others									
(i) Qualified Foreign Investors	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) NRIs	604266	8330	612596	0.32	644768	8330	653098	0.28	(0.04)
(iii) Foreign Nationals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Trusts	1229420	NIL	1229420	0.65	1212674	NIL	1212674	0.51	(0.14)
(v) Clearing Members	346698	NIL	346698	0.18	1345884	NIL	1345884	0.57	0.39
Sub-total (B)(2):-	**17834304**	**1193630**	**19027934**	**10.00**	**18833321**	**1179780**	**20013101**	**8.46**	**(1.54)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**125177587**	**1316325**	**126493912**	**66.43**	**171594234**	**1302475**	**172896709**	**73.00**	**6.58**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**189109550**	**1316325**	**190425875**	**100.00**	**235526197**	**1302475**	**236828672**	**100.00**	**-**

(ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 1 April 2015			Shareholding at the end of the year i.e. 31 March 2016			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Microfirm Capital Private Limited	34015928	17.86	NIL	34015928	14.36	NIL	(3.50)
2.	Celica Developers Private Limited	29434455	15.46	NIL	29434455	12.43	NIL	(3.03)
3.	Mansi Poddar	285000	00.15	NIL	285000	00.12	NIL	(0.03)
4.	Shaili Poddar	125000	00.06	NIL	125000	00.05	NIL	(0.01)
5.	Kalpana Poddar	55080	00.03	NIL	55080	00.02	NIL	(0.01)
6.	Ashita Poddar	16500	00.01	NIL	16500	00.01	NIL	NIL
	Total	**63931963**	**33.57**	**NIL**	**63931963**	**26.99**	**NIL**	**(6.58)**

(iii) Change in Promoters' Shareholding:

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year i.e. 1 April 2015		Cumulative Shareholding during the year i.e. (from 1 April 2015 to 31 March 2016)	
				No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	At the beginning of the year			63931963	33.57		
2.	Changes during the year	24 April 2015	Allotment of shares under Magma Employee Stock Option Plan 2007	-	-	63931963	33.57
		8 May 2015	Preferential allotment of Equity Shares	-	-	63931963	27.00
		31 July 2015	Allotment of shares under Magma Employee Stock Option Plan 2007	-	-	63931963	27.00
		8 February 2016	Allotment of shares under Magma Employee Stock Option Plan 2007	-	-	63931963	27.00
3.	At the end of the year		-			63931963	26.99

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

Sl. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year i.e. 1 April 2015		Cumulative Shareholding during the year i.e. (from 1 April 2015 to 31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year -				
1.	Zend Mauritius VC Investments Limited	26854375	14.10	34276629	14.47
2.	International Finance Corporation	23000000	12.08	23000000	9.71
3.	Lavender Investments Limited	18851431	9.90	18851431	7.96
4.	India Capital Fund Limited	9180190	4.82	-	-
5.	Bank Muscat S A O G A/c Bankmuscat India Fund	8754888	4.60	8754888	3.70
6.	Bay Pond MB	8231410	4.32	7796529	3.29
7.	Bay Pond BMD MB	4014264	2.11	3841857	1.62
8.	KKR Mauritius Direct Investments I. Limited	3674831	1.93	3674831	1.55
9.	SM Tradecom Private Limited	1820125	0.96	-	-
10.	Namokar Commercial Private Limited	1820120	0.96	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) -				
	India Capital Fund Limited (03/04/2015) – Market Deal	(9180190)	(4.82)	(9180190)	(4.82)
	Kent Resorts Private Limited (10/04/2015) – Market Deal	7900000	4.15	7900000	4.15
	Zend Mauritius VC Investments Limited (08/05/2015) – Preferential Allotment	7422254	3.14	7422254	3.14
	Indium V (Mauritius) Holdings Limited (08/05/2015) – Preferential Allotment	20355524	8.60	20355524	8.60

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

Sl. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year i.e. 1 April 2015		Cumulative Shareholding during the year i.e. (from 1 April 2015 to 31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	LeapFrog Financial Inclusion India Holdings Limited (08/05/2015) – Preferential Allotment	18518519	7.82	18518519	7.82
	Kent Resorts Private Limited (29/05/2015) – Market Deal	(7900000)	(3.34)	(7900000)	(3.34)
	Laurus (Mauritius) Limited (29/05/2015) – Market Deal	7900000	3.34	7900000	3.34
	Bay Pond MB (05/06/2015) – Market Deal	(40000)	(0.02)	(40000)	(0.02)
	Bay Pond MB (12/06/2015) – Market Deal	(13000)	(0.01)	(13000)	(0.01)
	Bay Pond MB (26/06/2015) – Market Deal	(376446)	(0.16)	(376446)	(0.16)
	Bay Pond BMD MB (26/06/2015) – Market Deal	(172407)	(0.07)	(172407)	(0.07)
	Bay Pond MB (10/07/2015) – Market Deal	(597)	(0.00)	(597)	(0.00)
	Bay Pond MB (17/07/2015) – Market Deal	(4838)	(0.00)	(4838)	(0.00)
	At the End of the year (or on the date of separation, if separated during the year)				
1.	Zend Mauritius VC Investments Limited	34276629	14.47	34276629	14.47
2.	International Finance Corporation	23000000	9.71	23000000	9.71
3.	Indium V (Mauritius) Holdings Limited	20355524	8.60	20355524	8.60
4.	Lavender Investments Limited	18851431	7.96	18851431	7.96
5.	LeapFrog Financial Inclusion India Holdings Limited	18518519	7.82	18518519	7.82
6.	Bank Muscat S A O G A/c Bankmuscat India Fund	8754888	3.70	8754888	3.70
7.	Laurus (Mauritius) Limited	7900000	3.34	7900000	3.34
8.	Bay Pond MB	7796529	3.29	7796529	3.29
9.	Bay Pond BMD MB	3841857	1.62	3841857	1.62
10.	KKR Mauritius Direct Investments I. Limited	3674831	1.55	3674831	1.55

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year i.e. 1 April 2015		Cumulative Shareholding during the year i.e. (from 1 April 2015 to 31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**At the beginning of the year -**				
	Nabankur Gupta, Non Executive Independent Director	5000	0.00	5000	0.00
	Kailash Baheti[1] (Company Secretary & Chief Strategy Officer)	45000	0.02	45000	0.02
2.	**Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) -**				
3.	**At the End of the year -**				
	Nabankur Gupta, Non Executive Independent Director	5000	0.00	5000	0.00

[1] Resigned as Company Secretary w.e.f. close of business hours on 1 August 2015.

V. INDEBTEDNESS

(₹ in Lacs)

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

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	816,440.59	155,951.51	-	972,392.10
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	8,607.71	3,989.33	-	12,597.04
Total (i+ii+iii)		**825,048.30**	**159,940.84**	-	**984,989.14**
Change in Indebtedness during the financial year					
Addition		1,189,592.81	1,344,682.08	-	2,534,274.89
Reduction		(1,170,754.12)	(1,354,770.84)	-	(2,525,524.96)
Net Change		18,838.69	(10,088.76)	-	8,749.93
Indebtedness at the end of the financial year					
i)	Principal Amount	835,778.40	146,713.59	-	982,491.99
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	8,108.59	3,138.49	-	11,247.08
Total (i+ii+iii)		**843,886.99**	**149,852.08**	-	**993,739.07**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(₹ in Lacs)

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mayank Poddar Chairman-WTD	Sanjay Chamria Vice Chairman & Managing Director- WTD	
1.	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.00	60.00	120.00
	b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5.00	5.00	10.00
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	74.92	74.92	149.84
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	160.00	160.00
	- others, specify	-	-	-
5.	Others, please specify (Employer Provident Fund + Gratuity)	10.08	10.08	20.16
	Total Amount (A)	**150.00**	**310.00**	**460.00**
	Ceiling as per the Act	₹ 3,673 Lacs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

(₹ in Lacs)

B. Remuneration to the other Directors :

Sl. No.	Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board / Committee Meetings	Commission	Others, please specify	
1.	**Independent Directors -**				
	Neil Graeme Brown	1.20	35.00	-	36.20
	Narayan K Seshadri	2.20	75.00	-	77.20
	Nabankur Gupta	1.60	30.00	-	31.60
	Satya Brata Ganguly	3.70	20.00	-	23.70
	Total Amount (B)(1)	**8.70**	**160.00**	**-**	**168.70**
2.	**Other Non-Executive Directors –**				
	Sanjay Omprakash Nayar	1.40	-	-	1.40
	Ritva Kaarina Laukkanen	0.60	-	-	0.60
	Total Amount (B)(2)	**2.00**	**-**	**-**	**2.00**
	Total Amount (B) = (B)(1) + (B)(2)	**10.70**	**160.00**	**-**	**170.70**
	Total Managerial Remuneration (A+B)[2]				**630.70**
	Overall Ceiling as per the Act	₹ 4,040 Lacs (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

[2]Total Remuneration to Managing Director, Wholetime Director and other Directors (being the total of A+B)

(₹ in Lacs)

C. Remuneration to Key Managerial Personnel other than MD/Manager

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Atul Bansal (Chief Financial Officer)	Kailash Baheti (Company Secretary upto 1 August 2015)	Shabnum Zaman (Company Secretary w.e.f. 2 August 2015)[3]	
1.	Gross salary				
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	73.51	22.67	4.98	101.16
	b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.23	0.11	-	0.34
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	70.92	12.62	4.84	88.38
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others, please specify (Employer Provident Fund + Gratuity)	10.08	2.08	0.67	12.83
	Total	**154.74**	**37.48**	**10.49**	**202.71**

[3]Appointed as Company Secretary w.e.f. 2 August 2015

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

For and on behalf of Board of Directors

Mayank Poddar
(Chairman)
DIN: 00009409

Place: Kolkata
Date: 12 May 2016

Annexure - 5 to Board's Report

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1) Employed throughout FY 2015-16

Name	Age (in yrs)	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (₹ in Lacs)	Particulars of last employment, last post, employer
Mayank Poddar	62	B Com	Executive Chairman	01-Jul-96	41	150.00	Calcutta Credit Corporation Ltd (erstwhile)-Managing Director
Sanjay Chamria	51	FCA	Vice Chairman & Managing Director	01-Jan-92	31	310.00	Magma Leasing Ltd (erstwhile)-Chief Executive
Dhrubashish Bhattacharya	45	B Sc (Hons), MBA	Business Head	06-Jun-94	22	70.99	Consortium Finance Limited - Management Trainee
Sailesh Mohta	51	CA	National Risk Head	22-Jan-96	27	70.27	STP Ltd - Deputy Manager
Sanjiv Jha	46	B Com (Hons)	Business Head	07-Jun-00	27	67.48	Spatntek Polymers Pvt. Ltd. - Manager (Accts)
Mahender Bagrodia	46	B Com , ACA	Chief Receivables Management	09-Oct-00	23	95.85	Tijaya Enterprises Ltd - General Manager
Sumit Mukherjee	46	B Com	National Business Head	08-Apr-08	24	93.09	Citicorp Finance India Ltd - Vice President
Raj Kumar Kapoor	51	CA	Chief Internal Auditor	07-Mar-11	29	64.79	Jubilant Organosys Group of Comp.-Vice President and Chief Internal Auditor
Kailash Baheti	52	FCA, ACS, ACMA	Chief Strategy Officer	18-Oct-11	31	145.92	Century Extrusion Ltd-CEO & CFO
Navneet Kumar Gupta	48	MBA	Business Head	19-Dec-11	26	74.65	Pidilite Industries Ltd - National Sales Manager
Dhirendra Kumar Hota	46	PGDBM	Head - Strategy	16-Mar-12	26	62.09	SREI Equipment Finance Ltd - Senior Vice President
Janet Gasper-Chowdhury	43	PGDBM	Chief People Officer	16-Aug-13	20	76.15	PwC - Director People & Change Management
Anil Kumar Gupta	47	PGDBM	National Head Product & Policy	15-Feb-13	10	61.97	Ratnakar Bank Ltd -Head - TPP & Distribution
Atul Bansal	56	ACA, CFA & MBA	Chief Financial Officer	10-Mar-15	31	154.74	Mu Sigma Business Solutions - CFO

2) Employed for a part of FY 2015-16

Name	Age	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (₹ in Lacs)	Particulars of last employment, last post, employer
Ashutosh Shukla	53	FCA	Chief Operating Officer	01-Oct-92	29	93.41	Consortium Finance Limited (erstwhile) - General Manager
Raman Chandola	55	B COM	Zonal Collection Head	08-Aug-01	26	26.74	Consortium Finance Limited (erstwhile) - Asst. Manager
Avinash Taraknath Haldar	42	BE	Zonal Product Manager	15-Sep-07	22	21.39	SREI Infrastructure Finance Limited
Rohit Sharma	41	PGDBM	NCH HighTicket, Legal Recovery	26-Jun-13	22	34.45	Bajaj Finserv Lending - National Head Flow Lending
Ram Kalyan Kumar Medury	41	MBA - IIM Bangalore	Chief Information Officer	02-Jan-14	18	98.87	ICICI Lombard General Insurance-Chief Information Officer

Notes:

1. Gross remuneration comprises salary, medical reimbursement, leave travel concession, housing, Company's contribution to provident fund, pension and gratuity fund, monetary value of other perquisites as per the Income Tax Act and Rules, leave encashment, bonus and commission.

2. All appointments were made in accordance with the terms and conditions as per Company Rules.

3. None of the employee hold 2% or more of the paid up share capital of the Company either by himself or along with his/her spouse and dependent children.

4. None of the above employee is related to any Director of the Company.

For and on behalf of Board of Directors

Mayank Poddar
(Chairman)
DIN: 00009409

Place: Kolkata
Date: 12 May 2016

MAGMA
Investing in the smallest dream

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under :

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY 2015-16 (₹ in Lacs)	% increase in Remuneration in FY 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	Mayank Poddar- Executive Chairman	150.00	0	42.46	The increments were linked to market and industry information, on performance of the individual employee as well as company performance which impacted the budget for the increments. In the year under review, average increment is 3.69%. The Company PAT has increased by 25.55%.
2	Sanjay Chamria - Vice Chairman & Managing Director	310.00	3	87.74	
3	Narayan K Seshadri - Independent, Non-Executive Director	77.20	14	21.85	
4	Neil Graeme Brown - Independent, Non-Executive Director	36.20	12	10.25	
5	Nabankur Gupta - Independent, Non-Executive Director	31.60	19	8.94	
6	Satya Brata Ganguly - Independent, Non-Executive Director	23.70	20	6.71	
7	Sanjay Nayar - Non-Executive Director	1.40	-13	0.40	
8	Ritva Kaarina Laukkanen - Non-Executive Director	0.60	200	0.17	
9	Kailash Baheti[1] - Company Secretary & Chief Strategy Officer	37.48	17	42.46	
10	Shabnum Zaman[2] - Company Secretary	10.49	N.A.	4.67	
11	Atul Bansal - Chief Financial Officer	154.74	0	46.70	

[1]Resigned as Company Secretary w.e.f close of the business hours of 1 August 2015

[2]Appointed as Company Secretary w.e.f. 2 August 2015

Note: For directors, the median has been worked based on actuals and for others the median has been taken based on annual remuneration.

ii) The median remuneration of employees of the Company during the financial year was ₹ 3.53 Lacs.

iii) In the financial year, there was an increase of 3.69% in the median remuneration of employees.

iv) There were 3,967 employees on the rolls of Company as on 31 March 2016.

v) Relationship between average increase in remuneration and company performance:- The Profit before Tax for the financial year ended 31 March 2016 increased by 51.89% whereas the average increase in average remuneration was 4.36%. The average increase in median remuneration was in line with the performance of the Company.

vi) Comparison of remuneration of the Key Managerial Personnel(s) against the performance of the Company:
Comparision of remuneration of each Key Managerial Personnel against the performance of the Company has been given in the table above.

vii) a) Variations in the market capitalisation of the Company : The market capitalisation as on 31 March 2016 was ₹ 1,77,147.85 Lacs as against ₹ 1,80,714.60 Lacs as on 31 March 2015.

b) Price Earnings ratio of the Company was 8.43 as at 31 March 2016 and was 13.14 as at 31 March 2015.

c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year - Since there was no public offer in last 5 years the relevant details are not applicable.

viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 4.36% whereas the increase in the managerial remuneration for the same financial year was 4.19%.

ix) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration policy for Directors, Key Managerial Personnel and other Employees.

x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and

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

For and on behalf of Board of Directors

Mayank Poddar
(Chairman)
DIN: 00009409

Place: Kolkata
Date: 12 May 2016

Board's Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS ('BOARD')

2.1 Composition and category

The Company has a judicious mix of Executive, Non-Executive and Independent Non-Executive Directors on its Board. At present, there are 8 Directors on the Board, with 2 Executive Directors, 2 Non-Executive Directors including a Woman Director and 4 Independent Non-Executive Directors. The Chairman is an Executive Director and half of the Board consists of Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations').

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

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

Category	Name of Directors
Promoter and Executive Directors	Mr. Mayank Poddar
	Mr. Sanjay Chamria
Non-Executive Directors	Mr. Sanjay Omprakash Nayar
	Ms. Ritva Kaarina Laukkanen
Independent Directors	Mr. Neil Graeme Brown
	Mr. Narayan K Seshadri
	Mr. Nabankur Gupta
	Mr. Satya Brata Ganguly

2.2 Pecuniary relationship or transactions

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

2.3 Board Meetings

Being the apex body constituted by shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. The Board generally meets 4-5 times during the year. Additional Board meetings are convened to address the Company's specific needs. During the year Magma's Board met 5 times on 2 April 2015, 8 May 2015, 1 August 2015, 4 November 2015 and 9 February 2016. The maximum interval between any two consecutive meetings were not more than 120 days. Agenda and Notes on the agenda are circulated among the Directors, well in advance, in a structured format. All the Agenda items are supported by relevant information, documents and presentation to enable the Board to take informed decisions. Video/tele-conferencing facilities are used to facilitate Directors present at other locations, to participate in the meetings.

The status of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) held on 1 August 2015 and the number of Companies and Committees where each of them is a Director / Member / Chairman as on 31 March 2016 is given below:

Na me of Director	Category	Materially significant, pecuniary or business relationship with the Company	Number of shares and convertible instruments held in the Company	FY 2015-16 Attendance at		No. of Directorships in other Companies incorporated in India (*)	Outside Committee Positions Held (**)	
				Board Meeting	Last AGM held on 1 August 2015		Chairman	Member
Mr. Mayank Poddar	Promoter, Executive	Executive Chairman	Nil	3/5	Yes	9	-	-
Mr. Sanjay Chamria	Promoter, Executive	Vice Chairman and Managing Director	Nil	5/5	Yes	8	2	1
Mr. Neil Graeme Brown	Independent, Non-executive	-	Nil	2/5	No	-	-	-
Mr. Narayan K Seshadri	Independent, Non-executive	-	Nil	4/5	Yes	15	3	3
Mr. Nabankur Gupta	Independent, Non-executive	-	5,000	5/5	Yes	10	2	4
Mr. Satya Brata Ganguly	Independent, Non-executive	-	Nil	3/5	No	6	2	6
Mr. Sanjay Omprakash Nayar	Non-executive	Nominee - Zend Mauritius VC Investments, Ltd	Nil	4/5	No	17	1	1
Ms. Ritva Kaarina Laukkanen	Non-executive	Nominee - International Finance Corporation	Nil	4/5	Yes	-	-	-

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

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

2.4 Remuneration of Directors

The Non-executive Directors are paid sitting fees of ₹ 20,000/- per meeting of the Board, Audit Committee and Nomination and Remuneration Committee and ₹ 10,000/- per meeting of Stakeholders' Relationship Committee, Management Committee, Fair Practices Code Committee, Risk Management Committee, Asset Liability and Management Committee and Review Committee for

FY 2015-16. The Independent Non- executive Directors are also paid remuneration in the form of commission. The details of the remuneration paid to the Directors during the Financial Year ended 31 March 2016 is as follows:

Sl No	Directors	Salary and allowances	Perquisites	Sitting fees	#Commission	Total
1	Mr. Mayank Poddar	70.08	79.92	-	-	150.00
2	Mr. Sanjay Chamria	70.08	79.92	-	160.00	310.00
3	Mr. Neil Graeme Brown	-	-	1.20	35.00	36.20
4	Mr. Narayan K Seshadri	-	-	2.20	75.00	77.20
5	Mr. Nabankur Gupta	-	-	1.60	30.00	31.60
6	Mr. Satya Brata Ganguly	-	-	3.70	20.00	23.70
7	Mr. Sanjay Nayar	-	-	1.40	-	1.40
8	Ms. Ritva Kaarina Laukkanen	-	-	0.60	-	0.60
	Total	**140.16**	**159.84**	**10.70**	**320.00**	**630.70**

1. Notice period, service contract and severance fees for Executive Directors is as per the Company's rules.

2. None of the Directors hold stock options as on 31 March 2016.

Commission will be paid on shareholders adopting the financial statements for FY 2015-16 at the AGM.

2.5 Code of Conduct

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

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

The following information is regularly placed before the Board:

1. Annual operating plans of business and budgets and any updates thereof;

2. Capital budgets and any updates;

3. Quarterly results for the Company and its operating divisions or business segments;

4. Minutes of meetings of the Audit Committee and other Committees of the Board;

5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary;

6. Show cause, demand, prosecution notices and penalty notices, which are materially important;

7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;

8. Details of any joint venture or collaboration agreement;

9. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business;

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

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

3. COMMITTEES

Magma at present has ten Committees of the Board: -

1. Audit Committee;
2. Stakeholders Relationship Committee;
3. Nomination and Remuneration Committee;
4. Management Committee;
5. Fair Practices Code Committee;
6. Corporate Social Responsibility Committee;
7. Investment Committee;

8. Risk Management Committee;
9. Asset Liability Management Committee; and
10. Review Committee

The terms of reference of these Committees is decided by the Board. Signed minutes of the Committee meetings are placed before the Board for noting. The role and composition including the number of meetings and related attendance are given below.

3.1 Audit Committee

3.1.1. Terms of reference

The terms of reference of the Audit Committee prepared pursuant to the provisions of Section 177(4) of the Act, RBI Guidelines and in furtherance to the terms of reference as provided in erstwhile Listing Agreement and Listing Regulations was approved by the Board of Directors.

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend the appointment, replacement or removal, remuneration and terms of appointment of auditors of the Company;
- Approve rendering of services by the statutory auditors other than those expressly barred under Section 144 of Act and remuneration for the same;
- Reviewing, with the management, the annual financial statements and auditor's report thereon and the CEO & CFO Certificate as per Clause 49 of the erstwhile Listing Agreement and Regulation 17(8) of Listing Regulations before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134 (3)(c) of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions (AS 18 of ICAI and RBI guidelines); and
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval and secure the Certificate from CFO in terms of Clause 41 of the erstwhile Listing Agreement and Regulation 33 (2) (a) of Listing Regulations;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
- Approve the appointment, removal and terms of remuneration of Chief Internal Auditor and reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency, scope, functioning and methodology of internal audit;
- Discussion with Internal Auditors and the Management of any significant findings, status of previous audit recommendations and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors;
- Review management letters/letters of internal control weakness issued by the statutory auditors;
- Review the Internal Audit Report relating to internal control weakness;
- Review the functioning of the Whistle Blower/Vigil Mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
- Review management discussion and analysis of financial condition and results of operations;
- Review statement of significant related party transactions submitted by management;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Scrutinise inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Approve and recommend to the Board the transactions of the Company with Related Parties or any subsequent modification thereof;
- Appoint registered valuers;
- Review the Company's compliance with employee benefit plans;
- Oversee and review the Company's policies regarding Information Technology and Management Information Systems;
- Review, approve and monitor the Code of Ethics that the Company plans for its senior financial officers/ Directors;
- Any other matter as delegated by the Board of Directors of the Company from time to time.

3.1.2 Composition and Attendance

The Audit Committee met 4 times during the year under review i.e. on 7 May 2015, 31 July 2015, 3 November 2015 and 8 February 2016. The composition and attendance details of the members of the Audit Committee is given below:

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

[1]Ceased to be member w.e.f 4 November 2015

The Audit Committee was re-constituted at the Board Meeting held on 4 November 2015 wherein Mr. Mayank Poddar stepped down as the member of the Committee. At present, there are four members, of which majority comprises of Independent Directors. Members of the Committee possess financial/accounting expertise/ exposure.

Mr. Narayan K Seshadri is the Chairman of the Committee and was present at the last Annual General Meeting held on 1 August 2015.

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

3.2 Stakeholders Relationship Committee

3.2.1 Terms of reference

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

- Deal with and decide all matters relating to the registration of transfer and transmission of shares and debentures; issue of duplicate share certificates or allotment letters and certificates for debentures in lieu of those lost/ misplaced;
- Redress shareholders and investors complaints relating to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends, among others;
- Monitor the compliance of Code of prevention of insider trading framed by the Company;
- Effect dematerialisation and re-materialisation of shares of the Company;
- Redress and resolve the grievances of all security holders of the Company; and
- Such other matters as per the directions of the Board of Directors of the Company which may be considered necessary in relation to shareholders and investors of the Company.

3.2.2 Composition and Attendance

The Stakeholders Relationship Committee met 2 times during the year on 28 August 2015 and 29 March 2016 to discharge its functions. The composition and attendance details of the members of the Stakeholders Relationship Committee is given below:

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

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

M/s. Niche Technologies Private Limited, D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata - 700 001, are the Registrar and Share Transfer Agent both for physical as well as electronic mode. Ms. Shabnum Zaman, Company Secretary, acts as the Compliance Officer. The table below gives the number of complaints received and resolved during the financial year and pending as on 31 March 2016.

Number of Complaints		
Received	Resolved	Pending
5	5	Nil

3.3 Nomination and Remuneration Committee

3.3.1 Terms of reference

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

- Devising a policy on Board diversity and recommending the size and an optimum mix of promoter Directors, executive, independent and non-independent Directors keeping in mind the needs of the Company;
- Formulate the criteria for:
  - determining qualifications, positive attributes and independence of a director; and
  - evaluation of performance of independent Directors and the Board.
- Identifying, evaluating and recommending to the Board:
  - Persons who are qualified for appointment as Independent and Non-Executive Directors/ Executive Directors/ Wholetime Directors/ Managing Directors in accordance with the criteria laid down;
  - Appointment of Senior Management Personnel (all the Direct Reportees to the Managing Director) in accordance with the criteria laid down; and
  - Removal of Directors and Senior Management Personnel.
- Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual Directors as well as the Board as a whole;
- Recommending Budget for Board related expenses;
- Devise a Policy on remuneration including any

compensation related payments of the Directors, key managerial personnel and other employees and recommend the same to the Board of Directors of the Company;

- Based on the Policy as aforesaid, determine remuneration packages for the following:
  - Recommend remuneration package of the Directors of the Company, including Sitting Fees and other expenses payable to Non-Executive Directors of the Company;
  - Recommend changes in compensation levels and one time compensation related payments in respect of Managing Director/Wholetime Director/Executive Director;
  - Approve remuneration packages and service contract terms of Senior Management (all the Direct Reportees to the Managing Director) including the structure, design and target setting for short and long term incentives / bonus; and
  - Approve framework and broad policy in respect of all employees for increments.
- Employee Stock Option Plan - approve subscription and allotment of shares to the eligible employees under the shareholders approved Employee Stock Option Plan Schemes;
- Contracting professional help to advise the Committee on matters relating to the terms of reference of the Committee requiring independent input from outside experts;
- Recommend & review succession plans for Managing Directors;
- Review and approve succession plans for Senior Management (all the Direct Reportees to the Managing Director);
- Evolve a policy for authorising expenses of the Chairman and Managing Director of the Company; and
- Conduct annual review of every director's performance the Committee's performance and effectiveness at the Board level.

3.3.2 Composition and Attendance

The Nomination and Remuneration Committee met 2 times during the year on 7 May 2015 and 8 February 2016 to discharge its functions. The composition and attendance details of the members of the Nomination and Remuneration Committee is given below:

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

[2]Ceased to be member w.e.f. 8 May 2015

The Nomination and Remuneration Committee was re-constituted at the Board Meeting held on 8 May 2015 wherein Mr. Sanjay Chamria stepped down as the member of the Committee. At present, there are four members, of which majority comprises of Independent Directors. Mr. Neil Graeme Brown acts as the Chairman of the Committee.

3.4 Management Committee

3.4.1 Terms of reference

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

3.4.2 Composition and Attendance

The Management Committee met 21 times during the year under review on 17 April 2015, 29 April 2015, 30 April 2015, 9 May 2015, 11 May 2015, 21 May 2015, 29 June 2015, 12 August 2015, 21 August 2015, 26 August 2015, 1 September 2015, 17 September 2015, 18 September 2015, 14 October 2015, 15 October 2015, 28 December 2015, 30 January

2016, 4 February 2016, 25 February 2016, 15 March 2016 and 21 March 2016. The composition and attendance details of the members of the Management Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings attended
1	Mr. Mayank Poddar	Promoter, Executive	19
2	Mr. Sanjay Chamria	Promoter, Executive	16
3	Mr. Satya Brata Ganguly	Independent, Non-executive	19

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

3.5 Fair Practices Code Committee

3.5.1 Terms of reference

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

3.5.2 Composition and Attendance

The Fair Practices Code Committee met 2 times during the year on 1 September 2015 and 28 March 2016 to discharge its functions. The composition and attendance details of the members of the Fair Practices Code Committee is given below:

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

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

3.6 Corporate Social Responsibility (CSR) Committee

3.6.1 Terms of reference

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

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

3.6.2 Composition and Attendance

The CSR Committee met once during the year on 1 September 2015 to discharge its functions. The composition and attendance details of the members of the CSR Committee is given below:

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

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

3.7 Investment Committee

3.7.1 Terms of reference

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

3.7.2 Composition

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

Mr. Sanjay Nayar acts as the Chairman of the Committee. The Committee meets as and when required. During the year no meeting was held.

3.8 Risk Management Committee

3.8.1 Terms of reference

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

- Reviewing the results of and progress in implementation of the decisions made in the previous meetings;
- Review the economic situation & its impact on industry;
- Review of the early warning report and necessary action thereof;
- Commission the risk assessment process to identify significant business, operational, financial, compliance, reporting and other risks;
- Review of risk assessment results and ensure that these are appropriately and adequately mitigated and monitored;
- Monitor the progress in implementation of risk mitigation strategies including the status of risk assessment program; and
- Approve exceptions/deviations from Risk Management Policy.

3.8.2 Composition and Attendance

The Risk Management Committee met 4 times during the year on 27 June 2015, 23 September 2015, 24 December 2015 and 28 March 2016 to discharge its functions. The composition and attendance details of the members of the Risk Management Committee is given below:

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

[3]Inducted as a member w.e.f. 1 August 2015 to meet with the requirements of RBI Directions

In terms of RBI Regulations, the Risk Management Committee of the Company was constituted at the Board Meeting held on 19 May 2008. However the Committee was reconstituted by the Board of Directors on 1 August 2015 as a Board Committee to meet with the requirements of Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 ("RBI Directions") issued by the Reserve Bank of India.

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

3.9 Asset Liability Management Committee

3.9.1 Terms of reference

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

- Liquidity risk management;
- Management of market risks;
- Funding and capital planning;
- Forecasting and analysing 'What if scenario' and preparation of contingency plans; and
- Regulatory updates.

3.9.2 Composition and Attendance

The Asset Liability Management Committee met 4 times during the year on 26 June 2015, 23 September 2015, 24 December 2015 and 28 March 2016 to discharge its functions. The composition and attendance details of the members of the Asset Liability Management Committee is given below:

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

[4]Inducted as a member w.e.f. 1 August 2015 to meet with the requirements of RBI Directions

[5]Inducted as a member w.e.f. 1 August 2015 to meet with the requirements of RBI Directions

In terms of RBI Regulations, the Asset Liability Management Committee was constituted at the Board Meeting held on 19 May 2008. However, the Committee was reconstituted by the Board of Directors on 1 August 2015 as a Board Committee to meet with the requirements of RBI Directions issued by the Reserve Bank of India.

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

3.10 Review Committee

3.10.1 Terms of reference

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

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

3.10.2 Composition

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

The Review Committee was constituted on 4 November 2015 to meet with the requirements of the Framework for Revitalising Distressed Assets in the Economy, as issued by RBI in order to review the decision of the Credit Committee of the Company w.r.t. classification of non co-operative borrowers and matters related thereto.

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

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

4. SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year as per the requirement of Schedule IV of the Act and Listing Regulations all the Independent Directors (IDs) met on 8 February 2016 without the presence of Non-Independent Directors and members of the management. At this meeting, the IDs inter alia evaluated the performance of Non-Independent Directors & the Board as a whole, evaluated the performance of the Chairperson of the Company after taking into account the views of executive directors and non-executive directors and discussed aspects relating to the quality, quantity and timeliness of flow of information between the Company management & the Board.

5. REMUNERATION POLICY

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

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

1.1. Apart from promoter Directors, Magma currently has no Executive Director/s. Selection of Executive Director/s shall be in line with the selection criteria laid down for independent Directors, in so far as those criteria are not inconsistent with the nature of appointment; NRC is responsible for identification, shortlisting and recommending candidature of person for the position of Managing Director to the Board of Directors of the Company;

1.2. Nominee Directors shall be taken on Board, as and when nominated by the investor/s to protect such investor/s interests and such appointments shall usually be governed by the investment/ subscription agreement/s the Company has/will have with such investor/s;

1.3. Independent Directors will be selected on the basis of identification of industry/ subject leaders with strong experience. The advisory area and therefore the role, may be defined for each independent director;

1.4. In Magma, Senior Management Personnel shall consist of Excom group. It usually comprises of the function and business heads who directly reports to Vice-Chairman & Managing Director (VC&MD);

1.5. For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role. In order to validate the requirement –

a. Job Description (JD) along with profile fitment characteristics from a personality, experience and qualification point of view shall be created;

b. Selection shall happen through referrals from Board members, industry leaders or leading search firms;

c. The recruitment process shall generally involve meetings with VC&MD and/or identified members of the NRC basis which the candidature will be finalised; and

d. On the lines of broad inputs provided by NRC, there shall be a compensation discussion and resulting fitment, based on overall positioning with respect to the market, internal parity and structure of the compensation offer (which includes fixed and variable pay components). Thereafter, the offer shall be rolled out.

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

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

2.2 The role and duties of the Independent Director shall be clearly specified by highlighting the committees they are expected to serve on, as well as the expectations of the Board from them;

2.3 At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively;

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

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

2.6 The remuneration of the Directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the Directors; and

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

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

3.1 The Independent Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, or any amendments thereto, as may be determined by NRC from time to time, for attending each meeting(s) of the Board and Committees thereof;

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

3.3 Additionally, the Independent Directors shall be paid remuneration by way of commission for each financial year:

a. Total commission pay out to all Independent Directors in aggregate shall be restricted to a limit of 1% of net profits of the Company, further subject to recommendation by the NRC and determination by the Board, as further subject to approval by the shareholders of the Company at the Annual General Meeting; and

b. NRC shall recommend quantum of commission which, in its best judgement and opinion is commensurate to the level of engagement each Independent Director would have with the members of Senior Management Personnel and/or other Board members, towards providing inputs, insights and guidance on various matters of importance from time to time.

3.4 The remuneration paid to VC&MD shall be considered by the NRC taking into account various parameters included in this policy document and recommended to the Board for approval. This shall be further subject to the approval of the members at the next General Meeting of the Company in consonance with the provisions of the Act and the rules made thereunder;

3.5 For KMP and Senior Management Personnel, remuneration shall be based on the KRAs identified and the achievement thereof. The increments shall usually be linked to their performance as well as performance of the Company:

a. The increment on fixed salary would correspond to the percentage increase with respect to the final performance rating as per the agreed salary increment grid; and

b. In addition the Company has put in place MESOP 2007 and MRSOP 2014.

3.6 Magma has put in place a Long Term Bonus Policy for the VC&MD of the organisation (Policy for Payment and Computation of Long Term Bonus to Certain Identified Employees). This Policy provides for the computation of long term bonus, which forms part of overall remuneration of the VC&MD and is linked to the performance of the organisation. NRC discusses and finalises the quantum in terms of this Policy and recommends payment to the Board for its approval.

6. FAMILIARISATION PROGRAMME

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

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

During FY 2015-16, the Independent Directors were updated from time to time on continuous basis on the significant changes in the regulations applicable to the Non-Banking Finance Companies. The details of such Familiarisation Programmes for Directors may be referred to, at the website of the Company at its weblink i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/.

7. PERFORMANCE EVALUATION

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

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

8. SUBSIDIARY COMPANIES

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

The Policy for determining Material Subsidiaries as approved by the Board may be referred to, at the website of the Company at its weblink i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/.

9. VIGIL MECHANISM / WHISTLE BLOWER

The Company has in place Board approved Policy on Breach of Integrity and Whistle Blower (Vigil mechanism). The Policy was framed with an objective to deal with issues pertaining to integrity, encouraging the employees and Directors of the Company to raise any concern about Company's operations and working environment, including possible breaches of Company's policies and standards, without fear of adverse managerial action being taken against such employees.

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

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

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

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

10. CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES

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

The Company has adopted a Code of Conduct for Prevention of Insider Trading as well as a Code of Corporate Disclosure Practices in accordance with Regulation 4(2)(c) of Listing Regulations. All the Directors on the Board, Senior Management at all locations and other employees who could be privy to unpublished price-sensitive information of the Company are governed by this Code.

11. OTHER DISCLOSURES

- All related party transactions that were entered into during the financial year were on an arm's length basis and were usually in the ordinary course of business. There has been no materially significant related party transactions between the Company and its directors, their relatives, subsidiaries or associates except for those disclosed in this Report. All Related Party Transactions are placed before the Audit Committee. Disclosure of transactions with related parties is provided in notes to the financial statements, forming part of this Report.

  The Policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website. The said Policy may be referred to, at the website of the Company at its weblink i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/.

- The Company received sufficient disclosures from Promoters, Directors or the Management wherever applicable.

- The Company complied with the statutory rules and regulations including those of the SEBI and the Stock Exchanges. There was no default on any related issue during last three years.

12. MEANS OF COMMUNICATION WITH SHAREHOLDERS

Quarterly results

The quarterly/half yearly/un-audited/audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. These results are simultaneously posted on the web address of the Company at www.magma.co.in pursuant to Regulation 47 of Listing Regulations.

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

1. *Aajkaal* (Vernacular language)
2. *The Financial Express* (English language)
3. *Business Standard* (English language)
4. *The Economic Times* (English language)

Website

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

Presentations to institutional investors / analysts:

During FY 2015-16, Analyst Conference Calls were conducted on 11 May 2015, 3 August 2015, 5 November 2015 and 10 February 2016. Presentations to Institutional Investor/ Analysts and transcript of Analyst Conference Calls are also uploaded on the Company's website www.magma.co.in.

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

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

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

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

13. MANAGEMENT DISCUSSION AND ANALYSIS (MDA)
The MDA section is carried in detail and forms part of the Board's Report.

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

Year	Venue	Day and date	Time	Number of Special Resolutions passed
2012-13	Citadel 1, First Floor, Eco Hub, Ecospace Business Park, Ambuja Realty, Plot No. 2F/11, Rajarhat, Kolkata- 700 156	Thursday, 18 July 2013	3:00 P.M.	No special Resolution was passed in the meeting
2013-14	Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 071	Thursday, 31 July 2014	3:00 P.M.	No special resolution was passed in the meeting
2014-15	Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 071	Saturday, 1 August 2015	3:00 P.M.	No special resolution was passed in the meeting

None of the businesses proposed to be transacted at the ensuing AGM require passing a special resolution through Postal Ballot.

b) Location and time of the Extra Ordinary General Meeting:

Year	Venue	Day and date	Time	Particulars of Resolution	Type of Resolution passed
2015-16	Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 071	Tuesday, 28 April 2015	10:30 A.M.	Preferential Allotment of Equity Shares of the Company	Special Resolution
				Approval w.r.t continuity of Related Party Transactions with Celica Developers Private Limited	Special Resolution
				Issuance of debt securities pursuant to Sections 42, 71 and 180(1)(c) of the Companies Act, 2013, upto an overall ceiling of ₹ 2,200 Crores on Private Placement basis for FY 2015-16	Special Resolution

c) Postal Ballot

During the year the Company had conducted Postal Ballots on 21 May 2015, 21 August 2015 and 25 February 2016 respectively pursuant to Section 110 of the Act read with Companies (Management and Administration) Rules, 2014. M/s. Vinod Kothari & Company, Practising Company Secretaries was appointed as the Scrutiniser for conducting the postal ballot voting process held on 21 May 2015 and Mr. Mohan Ram Goenka, Company Secretaries in Practice (CP No. 2551), Partner, MR & Associates, Kolkata was appointed as the Scrutiniser for conducting the postal ballot voting process held on 21 August 2015 and 25 February 2016 in a fair and transparent manner.

In compliance with provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and erstwhile Listing Agreement and Regulation 44 of Listing Regulations, the Company had provided to the members the facility to exercise their right to vote by electronic means.

The following resolutions were passed with requisite majority:

Date of declaration of the result of Postal Ballot	Type of Resolution passed	Particulars of Resolution		% of votes cast in favour of resolution
29 June 2015	Special Resolution	a)	Subscription by Magma Fincorp Limited to 2070 Redeemable Zero Coupon Non-Convertible Debentures issued by Celica Developers Private Limited	99.07
	Special Resolution	b)	Adoption of new set of Articles of Association of the Company	99.99
1 October 2015	Special Resolution	a)	Amendment to the Articles of Association of the Company	99.97
31 March 2016	Special Resolution	a)	Issuance of debt securities pursuant to Sections 42, 71 and 180(1)(c) of the Companies Act, 2013, upto an overall ceiling of ₹ 1,800 Crores on Private Placement basis for FY 2016-17	99.99
	Special Resolution	b)	Approval of extending benefits of Magma Restricted Stock Option Plan 2014 to the employees of subsidiary(ies) of the Company	99.95
	Ordinary Resolution	c)	Commission for Non Executive Independent Directors	99.99

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

15. GENERAL SHAREHOLDERS' INFORMATION

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

a) Listing of shares

The Equity Shares of the Company are listed on

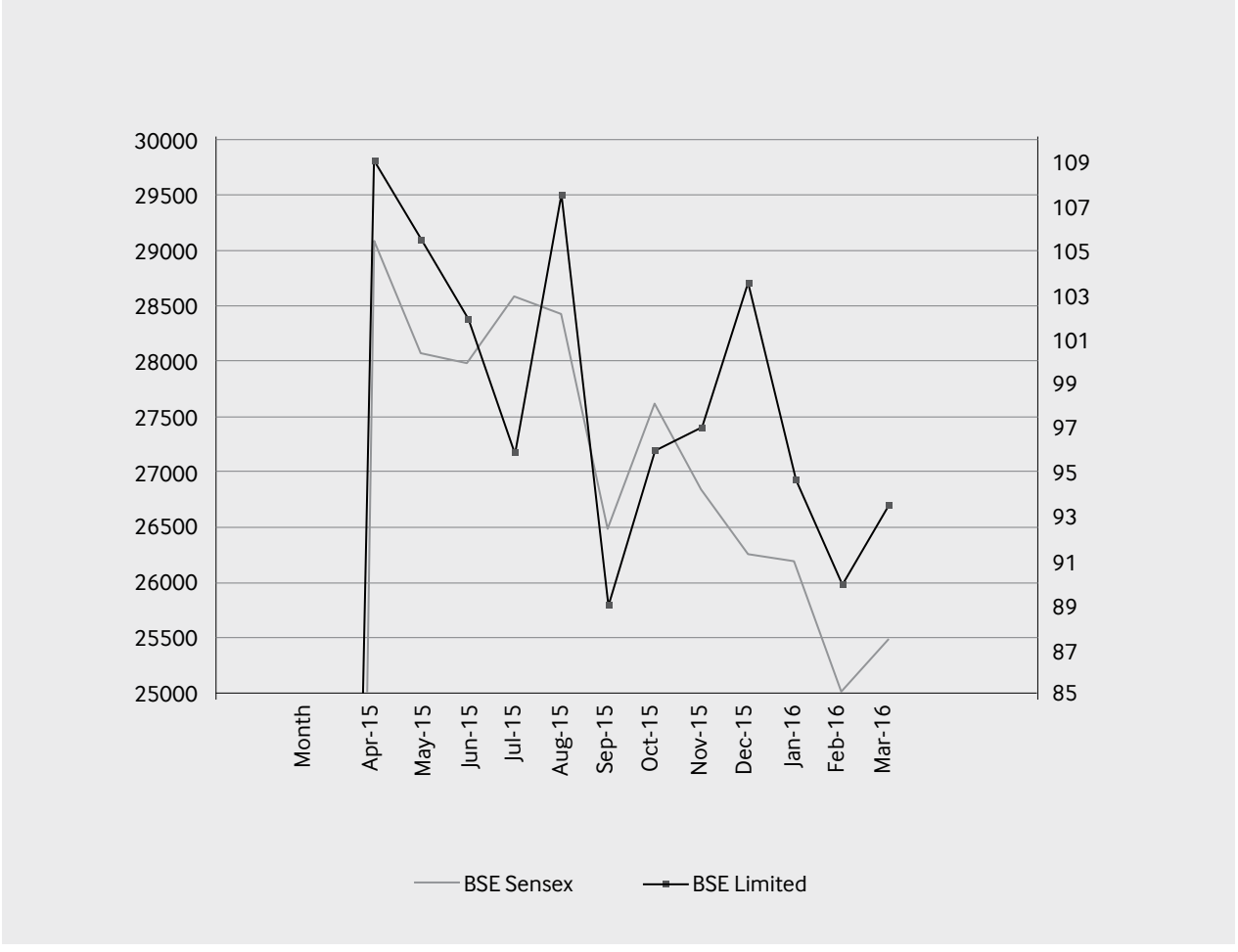
Name of Stock Exchanges	Stock code
National Stock Exchange of India Limited (NSE) 5, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.	MAGMA
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001.	524000

b) Market price data

Monthly high and low quotation during 1 April 2015 to 31 March 2016 is given in the table below:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2015	109.10	90.80	108.80	90.80
May, 2015	105.50	88.00	105.00	88.50
June, 2015	102.00	83.55	101.95	83.75
July, 2015	95.95	86.70	96.00	86.60
August, 2015	107.50	74.05	107.90	73.45
September, 2015	89.00	74.00	88.90	82.05
October, 2015	96.00	80.80	96.90	84.50
November, 2015	97.00	89.00	96.65	88.00
December, 2015	103.60	92.75	103.40	90.15
January, 2016	94.70	68.90	94.85	65.50
February, 2016	90.00	67.00	90.00	63.30
March, 2016	93.50	73.25	93.45	73.25

c) Magma Share Performance



d)	**Company's registered office**	:	"Magma House", 24, Park Street, Kolkata – 700 016
e)	**Address for correspondence for Shares/ Debentures and related matters**	:	Ms. Shabnum Zaman Secretarial Department "Magma House", 7th Floor, 24, Park Street, Kolkata – 700 016 Tel No. +91 33- 4402 7736 Fax No. +91 33- 4402 7731 Email Id: shabnum.zaman@magma.co.in
f)	**Registrar and Share Transfer Agent** (Physical and Demat Mode)	:	Niche Technologies Private Limited D-511, Bagree Market, 5th Floor 71, B.R.B.Basu Road, Kolkata - 700 001 Tel No. +91 33- 2235 7270 / 7271, +91 33- 2234 3576 Fax No. +91 33- 2215 6823 Email Id : nichetechpl@nichetechpl.com
g)	**AGM details**		
	Date	:	As per the Notice calling the Annual General Meeting
	Venue	:	
	Time	:	
h)	**Financial Year**		1 April 2015 to 31 March 2016
i)	**Book Closure date**	:	29 July 2016 to 4 August 2016 (both days inclusive)
j)	**Financial calendar (tentative)**		
	Financial reporting for the quarter ending		
	1st quarter ending 30 June 2016	:	First week of August 2016
	2nd quarter ending 30 September 2016	:	First week of November 2016
	3rd quarter ending 31 December 2016	:	First week of February 2017
	4th quarter ending 31 March 2017	:	First week of May 2017
	Annual General Meeting for the year ending 31 March 2017	:	First Week of August 2017
k)	**Dividend payment date and rate**	:	1. **On Equity Shares** @ 40% i.e ₹ 0.80 per Equity Share of the face value of ₹ 2/- each.
		:	2. **On Preference Shares:** a) 0.50% i.e. ₹ 0.50 pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 20/- each for the period from 1 April 2014 to 16 February 2015 (both days inclusive); the shares were then redeemed on 17 February 2015. b) 4.09% i.e. ₹ 4.09 pro-rata per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 40/- each for a day i.e. 1 April 2015 and 4.09% i.e. ₹ 4.09 pro-rata per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 20/- each (reduced to ₹ 20/- upon redemption of 4th instalment of ₹ 20/- each on 2 April 2015) for the period from 2 April 2015 to 31 March 2016 (both days inclusive). c) 9.6% i.e. ₹ 9.60/- pro-rata per share dividend on 10,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each; the shares were then redeemed on 19 June 2015. d) 12% i.e. ₹ 12/- pro-rata per share dividend on 25,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each; the shares were then redeemed on 30 June 2015.

		e) 11% i.e. ₹ 11/- pro-rata per share dividend on 36,00,000 Cumulative Redeemable Non-Convertible Preference Shares of ₹ 100/- each; the shares were then redeemed on 11 November 2015. The dividend will be paid on or after the AGM date.
l)	**Contact person for clarification on Financial Statements**	For clarification on Financial Statements, kindly contact: Mr. Rajesh Singhania, 24, Park Street, Kolkata - 700 016. Ph:+91 33 4401 7200/+91 33 4402 7750 Email: rsinghania@magma.co.in

m) Distribution of shareholding as on 31 March 2016

Particulars	Number of shareholders	Number of shares held	Percentage of shareholding
Up to 500	13,642	15,26,710	0.64
501 – 1,000	903	7,52,067	0.32
1,001 – 5,000	790	18,06,671	0.76
5,001 – 10,000	143	10,86,725	0.46
10,001 – 50,000	151	35,54,299	1.50
50,001 – 1,00,000	28	19,58,195	0.83
1,00,001 – and above	46	22,61,44,005	95.49
Total	**15,703**	**23,68,28,672**	**100.00**

Pattern of shareholding as on 31 March 2016

Category	Number of shareholders	Percentage (%)
Promoter and Promoter Group	6,39,31,963	27.00
Resident individuals	1,01,10,602	4.27
Foreign holdings	15,17,16,730	64.06
Public financial institutions and banks	1,51,585	0.06
Other Companies / Mutual Funds	97,05,118	4.10
Trusts	12,12,674	0.51
Total	**23,68,28,672**	**100.00**

n)	**Demat facility**	:	The Company's shares enjoy demat facility with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) having the following ISIN Nos. for Equity Shares and Preference Shares :- a. INE511C01022 for 23,68,28,672 Equity Shares of ₹ 2/- each available since 16 January 2001 b. INE511C04026 for 3.25% LIBOR 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each; As on 31 March 2016, 23,55,26,197 Equity Shares constituting 99.45% of the total holding and 65,00,999 Preference Shares constituting 100% of the total holding of the Company were held in demat mode.
o)	**Transfer of shares**		During the period, transfer of 2,505 Equity Shares was recorded by the Company. All transfers were affected within 15 days of receipt. Other than routine queries/requests, the Company did not receive any complaint during the period from the investors.
p)	**Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**		As on 31 March 2016, there are no Outstanding GDRs/ADRs/Warrants or any Convertible instruments

q)	**E-mail ID of the Grievance Redressal Division/ Compliance Officer exclusively for the purpose of registering complaints by investors**	shabnum.zaman@magma.co.in
r)	**Debt Securities Listing**	The Wholesale Debt Market (WDM) Segment of BSE
s)	**Debenture Trustees**	**GDA Trusteeship Limited** Office No.1,2,3, 4th Floor, Rehematoola House 7 Homji Street, Off. P.M.Road, Fort Mumbai - 400 001 Tel: +91 22 4922 0502; Fax: +91 22 4922 0505 E-mail: dt@gdatrustee.com **IDBI Trusteeship Services Limited** Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai – 400 001, Maharashtra, Tel: +91 22 4080 7000 ; Fax: +91 22 6631 1776/ 2262 5247 E-mail: itsl@idbitrustee.co.in
t)	**Payment of Listing Fees**	Annual listing fee has been paid by the Company to BSE and NSE.

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

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

A. The Board

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

B. Shareholder rights

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

C. Modified opinion(s) in audit report

It is always the Company's endeavour to present unmodified Financial Statements. There is no audit qualification in the Company's Financial Statements for the financial year ended 31 March 2016.

D. Separate posts of Chairman and CEO

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

E. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

16. DISCLOSURE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN CHAPTER IV OF LISTING REGULATIONS

The Company has complied with the applicable requirements specified in Chapter IV of Listing Regulations.

For and on behalf of the Board

Mayank Poddar
(Chairman)
DIN: 00009409

Place: Kolkata
Date: 12 May 2016

Independent Auditors' certificate on Corporate Governance

To the Members of Magma Fincorp Limited

We have examined the compliance of conditions of corporate governance by Magma Fincorp Limited ('the Company') for the year ended 31 March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1 April 2015 to 30 November 2015 and as per regulations 17 - 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period 1 December 2015 to 31 March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified clause 49 of the Listing Agreement or regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

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

Akeel Master
Partner
Membership No: 046768

Mumbai
12 May 2016

Certification in terms of Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

09 May 2016

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

We, the undersigned in our respective capacities as Vice Chairman and Managing Director and Chief Financial Officer of Magma Fincorp Limited, certify to the Board in terms of regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that we have reviewed the Financial Statements and the Cash Flow Statement of the Company for the Financial Year ended 31 March 2016.

1. To the best of our knowledge and belief, we certify that:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading.

   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

   (iii) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

2. For the purpose of Financial Reporting, we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

3. We have indicated to the Auditors and the Audit Committee:

   (a) significant changes, if any, in the internal controls over financial reporting during the year.

   (b) significant changes, if any, in the accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and

   (c) instances of significant fraud, if any, of which we have become aware and the involvement therein, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **Magma Fincorp Limited**

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Code of Conduct

09 May 2016

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

Dear Sirs,

I, Sanjay Chamria, Vice Chairman and Managing Director of Magma Fincorp Limited hereby confirm that all Board Members and Senior Management Team have affirmed compliance with the "Code of Conduct for Directors and Senior Executives of the Company" for the year ended 31 March 2016.

Thanking You,

Yours sincerely,

For Magma Fincorp Limited

Sanjay Chamria
Vice Chairman & Managing Director

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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.

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;

Independent Auditors' Report (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 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
Mumbai, 12 May 2016

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 ₹ 1,818.00 lacs and ₹ 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.

(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.

Annexure A 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, 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:

(₹ in Lacs)

Name of the Statute	Nature of Dues	Amount	Paid under Protest Amount	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3,327.45	-	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

(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.

Annexure A to the Independent Auditors' Report (continued)

(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.

(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
Mumbai, 12 May 2016

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

Annexure B to the Independent Auditors' Report (continued)

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.

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
Mumbai, 12 May 2016

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	13,508.92
Reserves and surplus	4	1,98,404.64	1,34,546.62
		2,04,441.41	**1,48,055.54**
Non-current liabilities			
Long-term borrowings	5	2,60,363.35	2,88,173.32
Deferred tax liabilities (net)	6	-	1,465.41
Long-term provisions	7	29,144.31	19,794.61
		2,89,507.66	**3,09,433.34**
Current liabilities			
Short-term borrowings	8	5,95,411.83	5,44,405.49
Trade payables	9		
- Due to micro and small enterprises		-	-
- Due to others		16,083.37	19,891.13
Other current liabilities	10	1,79,857.39	2,05,134.19
Short-term provisions	11	5,580.29	4,254.99
		7,96,932.88	**7,73,685.80**
Total		**12,90,881.95**	**12,31,174.68**
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		7,39,607.90	7,17,715.30
- Others		2,636.02	1,951.61
Other non-current assets	15	8,232.57	9,815.78
		8,17,795.96	**7,66,768.27**
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		4,20,893.76	3,84,002.59
- Others		4,729.75	6,564.15
Other current assets	20	8,112.33	9,294.31
		4,73,085.99	**4,64,406.41**
Total		**12,90,881.95**	**12,31,174.68**
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 **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

Statement of Profit and Loss

(₹ in Lacs)

	Note No.	Year ended 31 March 2016	Year ended 31 March 2015
REVENUE			
Revenue from operations	21	2,10,964.03	2,01,877.45
Other income	22	2,951.52	2,717.80
Total revenue		**2,13,915.55**	**2,04,595.25**
EXPENSE			
Employee benefits expense	23	24,658.18	28,969.74
Finance costs	24	99,808.90	1,06,144.01
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		**1,87,318.46**	**1,87,084.53**
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 **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

Cash Flow Statement

(₹ 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	1,07,242.35	(42.32)	1,11,837.88
	Operating cash flow before working capital changes		**1,33,839.44**		**1,29,348.60**
	Adjustments for :				
	Trade and other receivables	3,520.86		4,959.11	
	Assets on finance	(65,603.56)		(1,28,552.17)	
	Other bank balances	17,380.53		7,981.86	
	Trade payables and other liabilities	(7,887.90)	(52,590.07)	(1,231.64)	(1,16,842.84)
	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**

Cash Flow Statement (continued)

(₹ in Lacs)

	Year ended 31 March 2016		Year ended 31 March 2015	
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 **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

Notes
to the Financial Statements

NOTE 1: COMPANY OVERVIEW

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

Notes
to the Financial Statements (continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (contd.)

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(h) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(i) Income from dividend is accounted for on receipt basis.

(j) All other items of income are accounted for on accrual basis

(v) Provision for non-performing assets ('NPA') and doubtful debts

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 prescribed by Reserve Bank of India vide circular dated 10 November 2014 on Revised Regulatory Framework for Non-Banking Finance Companies ('NBFCs') and the related notification dated 27 March 2015 (collectively referred to as 'the framework'). These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written off contracts are included in "Other Income".

(vi) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(vii) Depreciation and amortisation

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

Notes
to the Financial Statements (continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (contd.)

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(viii) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(ix) Investments

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

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

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

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

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

(x) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of

Notes
to the Financial Statements (continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (contd.)

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

(xi) Employee Stock Compensation Cost

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

(xii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

(xiii) Provision

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

(a) Onerous contracts

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

(b) Contingencies

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

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

Notes
to the Financial Statements (continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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.

Notes
to the Financial Statements (continued)

NOTE 3 : SHARE CAPITAL

(₹ in Lacs)

		As at 31 March 2016	As at 31 March 2015
Authorised			
26,50,00,000	(2015: 26,50,00,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
5,43,00,000	(2015: 5,43,00,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
		59,600.00	**59,600.00**
Issued, subscribed and paid-up			
Equity share capital			
23,68,28,672	(2015: 19,04,25,875) Equity shares of ₹ 2/- each, fully paid up.	4,736.57	3,808.52
Preference share capital			
65,00,999	(2015: 65,00,999) 6 months US Dollar Libor plus 3.25% Cumulative non-convertible redeemable preference shares of ₹100 each (paid-up value per share reduced to ₹ 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: 10,00,000) 9.60% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 19 June 2010 and 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: 25,00,000) 12.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 30 June 2010 and redeemed at par at the end of 5 years i.e. 30 June 2015.	-	2,500.00
-	(2015: 36,00,000) 11.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 12 November 2012 and 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

(₹ in Lacs)

	As at 31 March 2016		As at 31 March 2015	
	No. of shares	**Amount**	**No. of shares**	**Amount**
Equity shares				
Opening balance	19,04,25,875	3,808.52	19,01,19,975	3,802.40
Equity shares issued during the year vide preferential issue	4,62,96,297	925.92	-	-
Equity shares issued on exercise of ESOPs during the year	1,06,500	2.13	3,05,900	6.12
Closing balance	**23,68,28,672**	**4,736.57**	**19,04,25,875**	**3,808.52**
Preference shares (Cumulative non-convertible redeemable)				
Opening balance	1,36,00,999	9,700.40	1,57,10,198	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	(10,00,000)	(1,000.00)	-	-
12.00% Preference shares redeemed during the year	(25,00,000)	(2,500.00)	-	-
11.00% Preference shares redeemed during the year	(36,00,000)	(3,600.00)	-	-
9.70% Preference shares redeemed during the year (20% annually)	-	-	(21,09,199)	(421.84)
Closing balance	**65,00,999**	**1,300.20**	**1,36,00,999**	**9,700.40**

Notes
to the Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (Contd.)

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 23,68,43,672 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 65,00,999 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 ₹ 1,250.00 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 share at par 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 65,00,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million)

Notes
to the Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (Contd.)

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	
	%	No. of shares	%	No. of shares
Equity shares				
Zend Mauritius VC Investments Limited	14.47	3,42,76,629	14.10	2,68,54,375
Microfirm Capital Private Limited	14.36	3,40,15,928	17.86	3,40,15,928
Celica Developers Private Limited	12.43	2,94,34,455	15.46	2,94,34,455
International Finance Corporation	9.71	2,30,00,000	12.08	2,30,00,000
Indium V (Mauritius) Holdings Limited	8.60	2,03,55,524	-	-
Lavender Investments Limited	7.96	1,88,51,431	9.90	1,88,51,431
LeapFrog Financial Inclusion India Holdings Limited	7.82	1,85,18,519	-	-
Preference shares (Cumulative non-convertible redeemable)				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	100.00	65,00,999	47.80	65,00,999
Andhra Bank	-	-	11.03	15,00,000
United Bank of India	-	-	7.35	10,00,000
International Tractors Limited	-	-	7.35	10,00,000

Employee stock options

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

MESOP, 2007

Under MESOP, the Company provided for the creation and issue of 10,00,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors. The options generally vest in a graded manner over a five year period and are exercisable till the grantee remains an employee of the Company. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March 2011, the number of options increased from 10,00,000 to 50,00,000.

Notes
to the Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (Contd.)

(In nos.)

	Year ended 31 March 2016	Year ended 31 March 2015
Outstanding options at the beginning of the year	6,36,500	13,42,400
Granted during the year	-	20,000
Exercised during the year	1,06,500	3,05,900
Lapsed during the year	2,42,500	4,20,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**2,87,500**	**6,36,500**
Options vested and exercisable at the end of the year	1,30,000	96,500

MRSOP, 2014

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

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 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	6,00,000	-
Granted during the year	2,50,000	6,50,000
Exercised during the year	-	-
Lapsed during the year	1,80,000	50,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**6,70,000**	**6,00,000**
Options vested and exercisable at the end of the year	-	-

The weighted average fair value of each option of Magma Fincorp Limited was ₹ 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

Notes
to the Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (Contd.)
Equity shares reserved for issue under options

(₹ in Lacs)

	No. of shares granted	Exercise price (₹)	As at 31 March 2016		As at 31 March 2015	
			No. of options	Amount	No. of options	Amount
Under MESOP 2007:						
Tranche I	17,54,000	36.00	-	-	14,000	0.28
Tranche II	2,50,000	60.00	1,27,500	2.55	1,52,500	3.05
Tranche III	50,000	60.00	15,000	0.30	35,000	0.70
Tranche V	1,50,000	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	1,75,000	60.00	75,000	1.50	1,75,000	3.50
Tranche IX	1,25,000	60.00	-	-	1,25,000	2.50
Tranche X	20,000	60.00	-	-	20,000	0.40
Under MRSOP 2014:						
Tranche I	9,00,000	2.00	6,70,000	13.40	6,00,000	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.

	Units	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

NOTE 4 : RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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	-
	1,15,755.70	**67,580.67**

Notes
to the Financial Statements (continued)

NOTE 4 : RESERVES AND SURPLUS (Contd.)

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**
	1,98,404.64	**1,34,546.62**

* includes dividend on equity shares allotted post 31 March 2016 and tax thereon.

NOTE 5 : LONG-TERM BORROWINGS

(₹ in Lacs)

	Security as per	As at 31 March 2016	As at 31 March 2015
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**

Notes
to the Financial Statements (continued)

NOTE 5 : LONG-TERM BORROWINGS (Contd.)

(₹ in Lacs)

	Security as per	As at 31 March 2016	As at 31 March 2015
Term loan			
Secured *			
from banks	(b) and (c)	1,09,457.04	92,977.59
from others (financial institutions)	(b) and (c)	13,726.31	26,965.73
		1,23,183.35	**1,19,943.32**
		2,60,363.35	**2,88,173.32**
* 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

(₹ in Lacs)

Maturity schedule	Interest rate range*	As at 31 March 2016		As at 31 March 2015	
		Long-term	Current maturities	Long-term	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)

(₹ in Lacs)

Maturity schedule	Interest rate range*	As at 31 March 2016		As at 31 March 2015	
		Long-term	Current maturities	Long-term	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)

(₹ in Lacs)

Maturity schedule	Interest rate range*	As at 31 March 2016		As at 31 March 2015	
		Long-term	Current maturities	Long-term	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**

Notes
to the Financial Statements (continued)

NOTE 5 : LONG-TERM BORROWINGS (Contd.)
Terms of repayment of term loans

(₹ in Lacs)

Repayment terms	Interest terms	As at 31 March 2016		As at 31 March 2015	
		Long-term	Current maturities	Long-term	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	1,16,374.67	64,840.10	1,07,548.11	47,736.08
Half yearly	Floating	4,285.71	2,857.14	7,142.86	2,857.14
		1,23,183.35	**70,486.81**	**1,19,943.32**	**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]

NOTE 6 : DEFERRED TAX ASSETS / LIABILITIES (NET)

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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)**

NOTE 7 : LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**

Notes
to the Financial Statements (continued)

NOTE 8 : SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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	2,05,378.24	1,44,854.24
Working capital demand loans	3,32,500.00	3,49,999.74
	5,37,878.24	**4,94,853.98**
	5,95,411.83	**5,44,405.49**

Details of unsecured commercial papers

(₹ in Lacs)

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.

NOTE 9 : TRADE PAYABLES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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.

Notes
to the Financial Statements (continued)

NOTE 10 : OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term borrowings [Note 5]	1,26,716.81	1,39,813.29
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
	1,79,857.39	**2,05,134.19**

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.

NOTE 11 : SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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.

Notes
to the Financial Statements (continued)

NOTE 12 : FIXED ASSETS (Contd.)

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.

NOTE 13 : NON-CURRENT INVESTMENTS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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

Notes
to the Financial Statements (continued)

NOTE 13 : NON-CURRENT INVESTMENTS (Contd.)

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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).

NOTE 14 : LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Assets on finance#		
Secured, considered good*	6,08,962.07	6,25,004.85
Secured, considered doubtful*	48,768.95	26,830.43
Unsecured, considered good	81,876.88	65,880.02
	7,39,607.90	**7,17,715.30**
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
	-	-
	7,42,243.92	**7,19,666.91**

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.

Notes
to the Financial Statements (continued)

NOTE 15 : OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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).

NOTE 16 : CURRENT INVESTMENTS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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

NOTE 17 : TRADE RECEIVABLES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**

NOTE 18 : CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**

Notes
to the Financial Statements (continued)

NOTE 18 : CASH AND BANK BALANCES (Contd.)

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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].

NOTE 19 : SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Asset on finance		
Secured, considered good*	3,28,812.52	3,14,411.82
Unsecured, considered good	92,081.24	69,590.77
	4,20,893.76	**3,84,002.59**
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**
	4,25,623.51	**3,90,566.74**

* Secured by underlying assets financed

NOTE 20 : OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**

Notes
to the Financial Statements (continued)

NOTE 21 : REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
Interest / finance income		
On assets on finance	1,94,601.37	1,74,300.63
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
	1,99,204.71	**1,90,004.78**
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**
	2,10,964.03	**2,01,877.45**

NOTE 22 : OTHER INCOME

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

Notes
to the Financial Statements (continued)

NOTE 24 : FINANCE COSTS

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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	**1,06,144.01**

NOTE 25 : PROVISIONS AND BAD DEBTS WRITTEN-OFF

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

NOTE 26 : OTHER EXPENSES

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

Notes
to the Financial Statements (continued)

NOTE 27 : EMPLOYEE BENEFITS

Gratuity benefit plan

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

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

(₹ in Lacs)

	Year ended 31 March 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

(₹ in Lacs)

	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

(₹ in Lacs)

	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

(₹ in Lacs)

	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**

Notes
to the Financial Statements (continued)

NOTE 27 : EMPLOYEE BENEFITS (Contd.)

(e) Summary of actuarial assumptions

(₹ in Lacs)

	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

(₹ in Lacs)

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Present value of defined benefit obligation	(1,324.19)	(1,277.33)	(952.71)	(862.62)	(623.73)
Fair value of plan assets	1,627.24	1,551.10	1,309.86	1,090.09	864.39
Funded status [surplus/(deficit)]	303.05	273.77	357.15	227.47	240.66
Experience (gain)/loss adjustment on plan liabilities	(1.17)	60.94	67.87	56.36	40.78
Experience gain/(loss) adjustment on plan assets	-	(5.26)	-	(6.57)	(1.39)
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	3.23	177.74	(94.91)	43.40	(19.55)

NOTE 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:

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 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).

Notes
to the Financial Statements (continued)

NOTE 29 : EARNINGS PER SHARE (EPS)

			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.	23,20,96,351	19,02,89,119
	(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.	23,28,39,048	19,11,57,516
(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

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

(a) Contingent liabilities

(₹ in Lacs)

			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

(₹ in Lacs)

		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.

Notes
to the Financial Statements (continued)

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

(₹ in Lacs)

	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**

NOTE 32 : LOANS AND ADVANCES TO SUBSIDIARY COMPANY

(₹ in Lacs)

Name of the Subsidiary Company	Maximum Outstanding	As at 31 March 2016
Magma ITL Finance Limited	11,500.00	1,500.00
[a subsidiary]	(9,500.00)	(-)

Previous year's figures are stated in brackets.

NOTE 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

(₹ in Lacs)

	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	86,10,198	86,10,198
Amount remitted (₹ lacs)	184.24	290.93

NOTE 34 :

(a) Commissioner of service tax had issued a show cause notice in respect of the financial years 2002-03 to 2006-07 on 16 October 2007 and the matter was adjudicated vide Order dated 31 March 2009, confirming the service tax liability at ₹ 464 lacs plus interest and penalty 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

Notes
to the Financial Statements (continued)

NOTE 34 (contd.)

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.

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

(a) Capital

(₹ in Lacs)

		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

Notes
to the Financial Statements (continued)

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

(b) Investments

(₹ in Lacs)

			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

(₹ in Lacs)

		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 fulfil 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".

Notes
to the Financial Statements (continued)

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

Quantitative Disclosures

(₹ in Lacs)

		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	-	-

(d) Disclosures relating to Securitisation

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

(₹ in Lacs)

		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	1,06,426.01	2,13,371.40
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.

Notes
to the Financial Statements (continued)

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

(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:

(₹ in Lacs)

		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.

3 Details of Assignment transactions undertaken by NBFCs

(₹ in Lacs)

		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	2,98,674.50
(iii)	Aggregate consideration	93,852.10	2,98,734.93
(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

(₹ in Lacs)

		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

Notes
to the Financial Statements (continued)

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

(e) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ in Lacs)

	1day to 30/31days (1 month)	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Deposits placed	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	1,79,389.50	4,47,329.74	1,50,956.89	1,44,688.45	11,67,867.43
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	1,56,964.04	3,74,128.27	1,24,557.03	1,04,477.20	9,82,491.99
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Cash credit borrowings and Working capital demand loan from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating ₹ 5,37,878.24 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

(₹ in Lacs)

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

(₹ in Lacs)

	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**

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.

Notes
to the Financial Statements (continued)

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

4 Unsecured Advances

(₹ in Lacs)

		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.

Notes
to the Financial Statements (continued)

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

j) Remuneration of non-executive Directors

(₹ in Lacs)

	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	Ms. Ritva Kaarina Laukkanen	Sitting Fees	0.60	0.20

(k) Provisions and Contingencies

(₹ in Lacs)

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	Year ended 31 March 2016	Year ended 31 March 2015
Under 'Provisions and bad debts written-off'		
Provision for standard assets	50.00	290.00
Provision for non-performing assets	9,444.93	6,302.82
Under 'Tax expenses'		
Provision made towards income tax (includes deferred tax)	7,882.12	2,603.97
Under 'Employee Benefit Expenses'		
Provision for compensated absences	415.17	497.94

(l) Concentration of Deposits, Advances, Exposures and NPAs

(₹ in Lacs)

		As at 31 March 2016
1	**Concentration of Exposures**	
	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**	
	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**	
	Total exposure to top four NPA accounts	2,479.65

Notes
to the Financial Statements (continued)

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

4 Sector-wise NPAs

	Sector	% of NPAs to Total Advances in the sector
(i)	Agriculture & 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

(₹ in Lacs)

		As at 31 March 2016	As at 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	**1,25,073.53**	**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

	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

Notes
to the Financial Statements (continued)

NOTE 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**
	i.	Magma ITL Finance Limited	Subsidiary Company
	ii.	Magma Advisory Services Limited	Subsidiary Company
	iii.	Magma Housing Finance	Step Down Subsidiary
		(A Public Company with unlimited liability)	
	iv.	Mr. Mayank Poddar	Chairman
	v.	Mr. Sanjay Chamria	Vice Chairman & Managing Director
	vi.	Mr. Sanjay Nayar	Director
	vii.	Ms. 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.	Ms. 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)

Notes
to the Financial Statements (continued)

NOTE 36 : RELATED PARTY DISCLOSURES (Contd.)

(₹ in Lacs)

Name of related party		Nature of transaction	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015
(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
(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	-

Notes
to the Financial Statements (continued)

NOTE 36 : RELATED PARTY DISCLOSURES (Contd.)

(₹ in Lacs)

Name of related party		Nature of transaction	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015
(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.	Ms. 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.	Ms. 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 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

		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

Notes
to the Financial Statements (continued)

NOTE 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 have been detected and reported aggregating to ₹ 380.91 lacs (2015: ₹ 611.96 lacs). The un-recovered amounts have been fully provided for / written-off.

NOTE 39 : DISCLOSURES IN TERMS OF THE NOTIFICATION ISSUED BY THE RESERVE BANK OF INDIA ON 21 MARCH 2012

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Total gold loan portfolio*	28.58	755.36
Total assets	12,90,881.95	12,31,174.68
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.

NOTE 40 : DISCLOSURES RELATING TO GOLD LOAN AUCTION IN TERMS OF THE NOTIFICATION ISSUED BY RESERVE BANK OF INDIA ON 16 SEPTEMBER 2013

(₹ in Lacs)

		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

NOTE 41 : DISCLOSURES IN RESPECT OF COMPANY'S JOINT VENTURES PURSUANT TO ACCOUNTING STANDARD - 27

The Company's interests in its joint ventures is as follows:

(₹ in Lacs)

	Name of venture	Country of incorporation	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	-

Notes
to the Financial Statements (continued)

NOTE 42 : DETAILS OF INVESTMENTS

(₹ in Lacs)

	Name of the company	As at 31 March 2016		As at 31 March 2015	
		Qty.	Book Value	Qty.	Book Value
A	**Equity Shares (Fully paid up)**				
	Quoted				
1	BCL Financial Services Limited*	-	-	600	0.05
2	Emami Paper Mills Limited	-	-	12,000	0.90
3	HGI Industries Limited*	-	-	1,100	0.42
4	Hindustan Financial Management Limited*	-	-	200	0.01
5	Integrated Thermoplastics Limited	-	-	5,000	0.15
6	ITC Limited	100	1.12	100	1.12
7	Kanoria Plaschem Limited*	-	-	13,400	0.37
8	Kings International Aqua-Marine Exports Limited*	-	-	20,000	4.90
9	Lok Housing and Constructions Limited*	-	-	600	0.01
10	Prudential Sugar Limited*	-	-	1,000	0.21
11	Radico Khaitan Finance Limited*	-	-	200	0.01
12	TTG Industries Limited*	-	-	20,000	0.16
	Total	**100**	**1.12**	**74,200**	**8.31**
	Unquoted (in Subsidiary Company)				
1	Magma Advisory Services Limited	2,11,11,112	6,000.00	2,11,11,112	6,000.00
2	Magma ITL Finance Limited	3,32,99,400	3,329.94	3,32,99,400	3,329.94
	Total	**5,44,10,512**	**9,329.94**	**5,44,10,512**	**9,329.94**
	Unquoted (in Joint Venture Company)				
1	Magma HDI General Insurance Company Limited	3,52,50,000	6,300.00	2,60,00,000	2,600.00
2	Jaguar Advisory Services Private Limited	11,000	2.20	11,000	2.20
	Total	**3,52,61,000**	**6,302.20**	**2,60,11,000**	**2,602.20**
	Unquoted (in others)				
1	Fund Point Finance Limited*	-	-	1,20,000	12.00
2	Multi-Mode Multi-Media Training Services Private Limited*	-	-	1,60,000	16.00
3	MF Process & Solution Private Limited	1,900	0.99	1,900	0.99
4	Panchawati Holiday Resorts Limited*	-	-	4,000	0.39
5	Experian Credit Information Company of India Private Limited	42,00,000	421.05	42,00,000	421.05
	Total	**42,01,900**	**422.04**	**44,85,900**	**450.43**
B	**Preference Shares**				
	Unquoted				
1	Magma Advisory Services Limited	3,55,55,556	24,888.89	-	-
	Total	**3,55,55,556**	**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	**12,94,29,088**	**45,815.85**	**8,49,98,208**	**24,178.31**
	Aggregate provision for diminution in value of investments	-	(1.05)	-	(35.58)
	Net Total	**12,94,29,088**	**45,814.80**	**8,49,98,208**	**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.

Notes
to the Financial Statements (continued)

NOTE 43 : SEGMENT REPORTING
As per paragraph 4 of Accounting Standard (AS) 17, on "Segment Reporting" prescribed under section 133 of the Companies Act, 2013, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding Company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented in the consolidated financial statements.

NOTE 44 : 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 **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

Atul Bansal
Chief Financial Officer

Sanjay Chamria
Vice Chairman &
Managing Director

Shabnum Zaman
Company Secretary

Kolkata, 12 May 2016

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

(₹ in Lacs)

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	1,04,230.00	-
	- Unsecured	89,180.00	-
	(b) Deferred Credits	-	-
	(c) Term Loans	1,93,670.16	-
	(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	5,37,878.24	-

* 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.

(₹ in Lacs)

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	11,55,126.39
4	**Break-up of Investments**	
	Current Investments	
1	**Quoted**	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	**Unquoted**	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Schedule

Annexed to the Balance Sheet (continued)

(₹ in Lacs)

Sl. No.	Particulars			Amount outstanding as at 31 March 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

5 Borrower group-wise classification of assets financed as in (2) and (3) above

(₹ in Lacs)

	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	9,91,029.83	1,79,781.40	11,70,811.23
	Total	**9,91,029.83**	**1,82,030.86**	**11,73,060.69**

6 Investor group-wise Classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

(₹ in Lacs)

	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**

Schedule

Annexed to the Balance Sheet (continued)

7 Other information

(₹ in Lacs)

Sl. No.	Particulars	Total as at 31 March 2016
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	1,25,073.53
(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

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.

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 April 2016 received from IRDAI for the purpose of actuarial reporting for completion of financials as on 31 March 2016. However, the work done by Ernst & Young LLP shall be subject to review by an independent actuary nominated by the Authority.

The Actuary from Ernst & Young LLP is not an appointed Actuary as per IRDAI Regulations, 2000.

The Management has relied upon the certificate issued by the actuary referred above. Accordingly, the accounts are prepared on the basis of 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.

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 ₹ 41,759.62 lacs as at 31 March 2016, total revenues of ₹ (183.47 lacs) and net cash inflows amounting to ₹ 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;

   (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
Mumbai, 12 May 2016

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.

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
Mumbai, 12 May 2016

MAGMA
Investing in the smallest dream

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	2,10,391.46	1,61,681.86
Fair value change account		1.78	1.34
		2,16,430.01	**1,78,747.68**
Minority Interest		**4,191.63**	**3,981.47**
Non-current liabilities			
Long-term borrowings	5	3,31,316.17	3,56,862.11
Deferred tax liabilities (net)	6	-	712.01
Long-term provisions	7	34,919.22	23,259.94
		3,66,235.39	**3,80,834.06**
Current liabilities			
Short-term borrowings	8	7,00,455.58	6,32,954.69
Trade payables	9		
- Due to micro and small enterprises		-	-
- Due to others		18,335.07	22,540.18
Other current liabilities	10	2,33,608.43	2,56,724.70
Short-term provisions	11	13,058.97	12,465.20
		9,65,458.05	**9,24,684.77**
Total		**15,52,315.08**	**14,88,247.98**
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		9,49,543.26	9,09,964.91
- Others		1,536.22	2,326.78
Other non-current assets	15	13,491.84	13,613.35
		10,28,712.55	**9,78,757.70**
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		4,55,861.90	4,15,177.09
- Others		6,331.87	7,651.88
Other current assets	20	12,312.35	12,641.64
		5,23,602.53	**5,09,490.28**
Total		**15,52,315.08**	**14,88,247.98**
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	2,47,777.34	2,35,477.93
Operating result from general insurance business	22	(557.80)	(114.85)
Other income	23	3,413.54	3,234.88
Total revenue		**2,50,633.08**	**2,38,597.96**
EXPENSE			
Employee benefits expense	24	31,721.70	36,181.99
Finance costs	25	1,19,159.57	1,23,293.57
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		**2,20,050.86**	**2,16,248.98**
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 **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

Notes
to the Consolidated Financial Statements

NOTE 1: COMPANY OVERVIEW

Magma Fincorp Limited ('the Company'), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company and is registered as a Systemically Important Non Deposit taking Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. 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

Notes
to the Consolidated Financial Statements (continued)

NOTE 2 (A): SIGNIFICANT ACCOUNTING POLICIES (contd.)

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

Notes
to the Consolidated Financial Statements (continued)

NOTE 2 (A): SIGNIFICANT ACCOUNTING POLICIES (contd.)

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

Notes
to the Consolidated Financial Statements (continued)

NOTE 2 (A): SIGNIFICANT ACCOUNTING POLICIES (contd.)

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.

Notes
to the Consolidated Financial Statements (continued)

NOTE 2 (A): SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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

Notes
to the Consolidated Financial Statements (continued)

NOTE 2 (A): SIGNIFICANT ACCOUNTING POLICIES (contd.)

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.

Notes
to the Consolidated Financial Statements (continued)

NOTE 2 (A): SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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

Notes

to the Consolidated Financial Statements (continued)

NOTE: 2 (B) SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT) (contd.)

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 2016.

(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.

Notes

to the Consolidated Financial Statements (continued)

NOTE: 2 (B) SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT) (contd.)

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.

NOTE 3 : SHARE CAPITAL

(₹ in Lacs)

		As at 31 March 2016	As at 31 March 2015
Authorised			
26,50,00,000	(2015: 26,50,00,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
5,43,00,000	(2015: 5,43,00,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
-	(2015: 4,00,00,000) Preference shares of ₹ 10/- each	-	4,000.00
		59,600.00	**63,600.00**
Issued, subscribed and paid-up			
Equity share capital			
23,68,28,672	(2015: 19,04,25,875) Equity shares of ₹ 2/- each, fully paid up.	4,736.57	3,808.52
Preference share capital			
65,00,999	(2015: 65,00,999) 6 months US Dollar Libor plus 3.25% Cumulative non-convertible redeemable preference shares of ₹100 each (paid-up value per share reduced to ₹ 20/- on redemption of four annual installments of ₹ 20/- each per share).	1,300.20	2,600.40
	Allotted at par on 26 March 2007 and redeemable at par in US Dollar over five equal annual installments of US Dollar 3 million each, for the first time on 1 April 2012 until all preference shares are redeemed i.e. 1 April 2016.		
-	(2015: 10,00,000) 9.60% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up.	-	1,000.00
	Allotted at par on 19 June 2010 and redeemed at the end of 5 years i.e. 19 June 2015 along with a redemption premium equal to 25% of the consideration.		
-	(2015: 25,00,000) 12.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up.	-	2,500.00
	Allotted at par on 30 June 2010 and redeemed at par at the end of 5 years i.e. 30 June 2015.		

Notes

to the Consolidated Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (contd.)

	As at 31 March 2016	As at 31 March 2015
- (2015: 36,00,000) 11.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up.	-	3,600.00
Allotted at par on 12 November 2012 and redeemed at par at the end of 3 years i.e. 11 November 2015.		
- (2015: 3,55,55,556) 0.01% Non-redeemable non-cumulative non-participating compulsorily convertible preference shares of ₹ 10/- each fully paid up.*	-	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.		
	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.

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

(₹ in Lacs)

	As at 31 March 2016		As at 31 March 2015	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Opening balance	19,04,25,875	3,808.52	19,01,19,975	3,802.40
Equity shares issued during the year vide preferential issue	4,62,96,297	925.92	-	-
Equity shares issued on exercise of ESOPs during the year	1,06,500	2.13	3,05,900	6.12
Closing balance	**23,68,28,672**	**4,736.57**	**19,04,25,875**	**3,808.52**
Preference shares				
Opening balance	4,91,56,555	13,255.96	5,12,65,754	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	(10,00,000)	(1,000.00)	-	-
12.00% Preference shares redeemed during the year	(25,00,000)	(2,500.00)	-	-
11.00 % Preference shares redeemed during the year	(36,00,000)	(3,600.00)	-	-
0.01% Non-redeemable non-cumulative non-participating compulsorily convertible preference shares - purchased by holding company	(3,55,55,556)	(3,555.56)	-	-
9.70% Preference shares redeemed during the year (20% annually)	-	-	(21,09,199)	(421.84)
Closing balance	**65,00,999**	**1,300.20**	**4,91,56,555**	**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

Notes
to the Consolidated Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (contd.)

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 23,68,43,672 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 65,00,999 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 share at par 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 65,00,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

Accordingly, the Company had provided dividend for the financial year ended 31 March 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.

Notes

to the Consolidated Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (contd.)

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	
	%	No. of shares	%	No. of shares
Equity shares				
Zend Mauritius VC Investments, Limited	14.47	3,42,76,629	14.10	2,68,54,375
Microfirm Capital Private Limited	14.36	3,40,15,928	17.86	3,40,15,928
Celica Developers Private Limited	12.43	2,94,34,455	15.46	2,94,34,455
International Finance Corporation	9.71	2,30,00,000	12.08	2,30,00,000
Indium V (Mauritius) Holdings Limited	8.60	2,03,55,524	-	-
Lavender Investments Limited	7.96	1,88,51,431	9.90	1,88,51,431
LeapFrog Financial Inclusion India Holdings Limited	7.82	1,85,18,519	-	-
Preference shares (Cumulative non-convertible redeemable)				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	100.00	65,00,999	13.23	65,00,999
Celica Developers Private Limited	-	-	72.33	3,55,55,556

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 10,00,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors. The options generally vest in a graded manner over a five year period and are exercisable till the grantee remains an employee of the Company. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March 2011, the number of options increased from 10,00,000 to 50,00,000.

(In nos.)

	Year ended 31 March 2016	Year ended 31 March 2015
Outstanding options at the beginning of the year	6,36,500	13,42,400
Granted during the year	-	20,000
Exercised during the year	1,06,500	3,05,900
Lapsed during the year	2,42,500	4,20,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**2,87,500**	**6,36,500**
Options vested and exercisable at the end of the year	1,30,000	96,500

MRSOP, 2014

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

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 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).

Notes
to the Consolidated Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (contd.)

(In nos.)

	Year ended 31 March 2016	Year ended 31 March 2015
Outstanding options at the beginning of the year	6,00,000	-
Granted during the year	2,50,000	6,50,000
Exercised during the year	-	-
Lapsed during the year	1,80,000	50,000
Forfeited during the year	-	-
Outstanding options at the end of the year	**6,70,000**	**6,00,000**
Options vested and exercisable at the end of the year	-	-

The weighted average fair value of each option of Magma Fincorp Limited was ₹ 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

(₹ in Lacs)

	No. of shares granted	Exercise price (₹)	As at 31 March 2016		As at 31 March 2015	
			No. of options	Amount	No. of options	Amount
Under MESOP 2007:						
Tranche I	17,54,000	36.00	-	-	14,000	0.28
Tranche II	2,50,000	60.00	1,27,500	2.55	1,52,500	3.05
Tranche III	50,000	60.00	15,000	0.30	35,000	0.70
Tranche V	1,50,000	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	1,75,000	60.00	75,000	1.50	1,75,000	3.50
Tranche IX	1,25,000	60.00	-	-	1,25,000	2.50
Tranche X	20,000	60.00	-	-	20,000	0.40
Under MRSOP 2014:						
Tranche I	9,00,000	2.00	6,70,000	13.40	6,00,000	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.

Notes

to the Consolidated Financial Statements (continued)

NOTE 3 : SHARE CAPITAL (contd.)

	Units	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

NOTE 4 : RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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	-
	1,15,755.70	**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**

Notes
to the Consolidated Financial Statements (continued)

NOTE 4 : RESERVES AND SURPLUS (contd.)

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**
	2,10,391.46	**1,61,681.86**

***** includes dividend on equity shares allotted post 31 March 2016 and tax thereon.

NOTE 5 : LONG-TERM BORROWINGS

(₹ in Lacs)

	Security as per	As at 31 March 2016	As at 31 March 2015
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)	1,69,205.55	1,40,284.90
from others (financial institutions)	(b) and (c)	13,726.31	26,965.73
		1,82,931.86	**1,67,250.63**
Unsecured			
from others		700.41	2,081.48
		700.41	**2,081.48**
Share of borrowings of joint venture		3.90	-
		3,31,316.17	**3,56,862.11**
* Aggregate of loans guaranteed by Director (including current maturities)		1,329.40	1,862.30

Notes

to the Consolidated Financial Statements (continued)

NOTE 5 : LONG-TERM BORROWINGS (contd.)

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

(₹ in Lacs)

Maturity schedule	Rate of interest*	As at 31 March 2016		As at 31 March 2015	
		Long-term	Current maturities	Long-term	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

(₹ in Lacs)

Maturity schedule	Rate of interest*	As at 31 March 2016		As at 31 March 2015	
		Long-term	Current maturities	Long-term	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.

Unsecured subordinated redeemable non-convertible debentures

(₹ in Lacs)

Maturity schedule	Rate of interest*	As at 31 March 2016		As at 31 March 2015	
		Long-term	Current maturities	Long-term	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**

Notes
to the Consolidated Financial Statements (continued)

NOTE 5 : LONG-TERM BORROWINGS (contd.)

Terms of repayment of term loans

(₹ in Lacs)

Repayment terms	Interest terms	Repayable at	As at 31 March 2016		As at 31 March 2015	
			Long-term	Current maturities	Long-term	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	1,71,301.75	82,225.87	1,47,355.42	71,413.86
Half yearly	Floating	Par	8,035.71	4,107.12	12,142.86	2,857.14
			1,82,935.76	**90,551.13**	**1,67,250.63**	**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].

NOTE 6 : DEFERRED TAX ASSETS / LIABILITIES (NET)

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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)**

NOTE 7 : LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**

Notes
to the Consolidated Financial Statements (continued)

NOTE 8 : SHORT-TERM BORROWINGS

(₹ in Lacs)

	Security as per	As at 31 March 2016	As at 31 March 2015
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)	2,56,084.00	1,67,809.88
Working capital demand loans	(b)	3,63,000.00	3,70,999.74
		6,19,084.00	**5,38,809.62**
		7,00,455.58	**6,32,954.69**

Terms of repayment of term loans

(₹ in Lacs)

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

(₹ in Lacs)

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 month 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.

Notes
to the Consolidated Financial Statements (continued)

NOTE 9 : TRADE PAYABLES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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.

NOTE 10 : OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term borrowings [Note 5]	1,52,781.13	1,72,519.64
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
	2,10,822.43	**2,41,189.46**
Share of joint venture	22,786.00	15,535.24
	2,33,608.43	**2,56,724.70**

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.

NOTE 11 : SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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.

Notes

to the Consolidated Financial Statements (continued)

NOTE 12 : FIXED ASSETS (contd.)

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.

NOTE 13 : NON-CURRENT INVESTMENTS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**

Notes

to the Consolidated Financial Statements (continued)

NOTE 13 : NON-CURRENT INVESTMENTS (contd.)

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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).

NOTE 14 : LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Assets on finance*		
Secured, considered good*	8,12,038.99	8,13,772.18
Secured, considered doubtful*	55,627.39	30,312.71
Unsecured, considered good	81,876.88	65,880.02
	9,49,543.26	**9,09,964.91**
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
	9,51,079.48	**9,12,291.69**

Assets on finance is net of amounts securitised/assigned aggregating to ₹ 4,08,431.81 lacs (2015: ₹ 6,29,246.58 lacs).

* Secured by underlying assets financed

Notes
to the Consolidated Financial Statements (continued)

NOTE 15 : OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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 ₹ 1,633.26 lacs (2015: ₹ 645.51 lacs).

NOTE 16 : CURRENT INVESTMENTS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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.

NOTE 17 : TRADE RECEIVABLES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**

Notes

to the Consolidated Financial Statements (continued)

NOTE 18 : CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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].

NOTE 19 : SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
Asset on finance		
Secured, considered good*	3,63,780.66	3,45,586.32
Unsecured, considered good	92,081.24	69,590.77
	4,55,861.90	**4,15,177.09**
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**
Share of joint venture	567.83	335.19
	4,62,193.77	**4,22,828.97**

* Secured by underlying assets financed

Notes
to the Consolidated Financial Statements (continued)

NOTE 20 : OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31 March 2016	As at 31 March 2015
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**

NOTE 21 : REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
Interest / finance income		
On assets on finance	2,27,445.74	2,03,062.99
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
	2,33,238.90	**2,20,971.06**
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
	2,47,777.34	**2,35,477.93**

NOTE 22 : OPERATING RESULT FROM GENERAL INSURANCE BUSINESS

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

Notes

to the Consolidated Financial Statements (continued)

NOTE 22 : OPERATING RESULT FROM GENERAL INSURANCE BUSINESS (contd.)

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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)**

NOTE 23 : OTHER INCOME

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

NOTE 24 : EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

NOTE 25 : FINANCE COSTS

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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

Notes
to the Consolidated Financial Statements (continued)

NOTE 25 : FINANCE COSTS (contd.)

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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)
	1,19,159.57	**1,23,293.57**

NOTE 26 : PROVISIONS AND BAD DEBTS WRITTEN-OFF

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

NOTE 27 : OTHER EXPENSES

(₹ in Lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
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**

Notes

to the Consolidated Financial Statements (continued)

NOTE 28 : SEGMENT REPORTING

The Group is organised into following reportable segments referred to in Accounting Standard (AS - 17) "Segment Reporting":

(a) Primary segment: Business segment

(₹ in Lacs)

	Finance and mortgages	General insurance	Others	Total
Revenue				
(i) External and other income	**2,49,118.20**	**173.90**	**1,340.98**	**2,50,633.08**
	(2,36,490.53)	(718.66)	(1,388.77)	(2,38,597.96)
(ii) Inter-segment	**406.14**	**(406.14)**	**-**	**-**
	(397.02)	(397.02)	(-)	(-)
Total revenue	**2,49,524.34**	**(232.24)**	**1,340.98**	**2,50,633.08**
	(2,36,887.55)	(321.64)	(1,388.77)	(2,38,597.96)
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	**15,05,583.66**	**39,379.41**	**7,352.01**	**15,52,315.08**
	(14,50,177.96)	(30,518.33)	(7,551.69)	(14,88,247.98)
Segment liabilities	**12,99,975.96**	**30,363.93**	**1,353.55**	**13,31,693.44**
	(12,79,824.66)	(23,816.12)	(1,878.05)	(13,05,518.83)
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	**11,999.49**	**-**	**-**	**11,999.49**
(other than depreciation)	(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.

NOTE 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:

(₹ in Lacs)

	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)].

Notes
to the Consolidated Financial Statements (continued)

NOTE 30 : EARNINGS PER SHARE (EPS)

The computation of EPS is set out below:

			Units	Year ended 31 March 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.	23,20,96,351	19,02,89,119
	(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.	23,28,39,048	19,11,57,516
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 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.	Ms. 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.	Ms. 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)

Notes

to the Consolidated Financial Statements (continued)

NOTE 31 : RELATED PARTY DISCLOSURES (contd.)

(₹ in Lacs)

Name of related party		Nature of transaction	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015
(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	-
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	-

Notes

to the Consolidated Financial Statements (continued)

NOTE 31 : RELATED PARTY DISCLOSURES (contd.)

(₹ in Lacs)

	Name of related party		Nature of transaction	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015
	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.	Mr. Mayank Poddar	Rent expense	1.88	-	1.77	-
			Directors' remuneration	150.00	-	150.00	-
	2.	Mr. 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.	Ms. 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.	Ms. 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.

Notes

to the Consolidated Financial Statements (continued)

NOTE 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

(₹ in Lacs)

	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

(₹ in Lacs)

	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

(₹ in Lacs)

	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

(₹ in Lacs)

	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

Notes
to the Consolidated Financial Statements (continued)

NOTE 32 : EMPLOYEE BENEFITS (contd.)

(e) Summary of actuarial assumptions*

	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.

(i) Experience adjustments*

(₹ in Lacs)

	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**

(₹ in Lacs)

	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.

Notes

to the Consolidated Financial Statements (continued)

NOTE 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:

(₹ in Lacs)

	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

NOTE 34 : CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(a) Contingent liabilities

(₹ in Lacs)

		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

(₹ in Lacs)

		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.

Notes
to the Consolidated Financial Statements (continued)

NOTE 35 :

(a) Movement of provision for non-performing assets

(₹ in Lacs)

	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.

NOTE 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.

NOTE 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.

Notes

to the Consolidated Financial Statements (continued)

NOTE 38 :

Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) is given below:

(a) Financial information of subsidiaries (including step-down subsidiary) for the year ended 31 March 2016:

(₹ in Lacs)

	Magma Advisory Services Limited	Magma Housing Finance	Magma ITL Finance Limited
Share capital	5,666.67	14,810.25	4,500.00
Reserves and surplus	16,343.10	9,317.63	11,620.75
Total assets	22,020.97	1,87,588.89	72,342.90
Total liabilities	22,020.97	1,87,588.89	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:

		Units	Magma HDI General Insurance Limited*	Jaguar Advisory Services Private Limited
1	Shares of joint ventures held by the Company on the year end			
	No. of shares	Nos.	4,62,50,000	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.

Notes
to the Consolidated Financial Statements (continued)

NOTE 39 :

The Company's share of each of the assets, liabilities, income, expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Ventures) related to its interest in these joint ventures, based on the audited financial statements are as follows:

(₹ in Lacs)

	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

(₹ in Lacs)

	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

Notes

to the Consolidated Financial Statements (continued)

NOTE 40 : (a) Disclosure required under Schedule III of Companies Act, 2013

(₹ in Lacs)

Name of the entity in the Group			Net Asset		Shares in profit or loss	
			As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
A)	**Parent**					
	1	Magma Fincorp Limited	92.67 %	2,04,441.41	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 %**	**2,20,621.64**	**100.00 %**	**21,347.87**

Notes
to the Consolidated Financial Statements (continued)

NOTE 40 : (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

(₹ in Lacs)

		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 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 **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

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