Disclosure Document is a Disclosure as per Schedule I of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as Amended From time to time and SEBI (Issue and Listing Of Debt Securities (Amendment) Regulation 2012

For Private Circulation Only **Private Placement Offer cum Application Letter**

Serial Number: __________

Addressed to:______________________

Date: __________

MAGMA HOUSING FINANCE LIMITED

*(The Company was originally incorporated in the name of **GE Money Housing Finance Public Unlimited Company.** On 18th June, 2004 the name was changed to **GE Money Housing Finance (A Public Company with Unlimited Liability)** which was subsequently changed to **Magma Housing Finance(A Public Company with Unlimited Liability)** w.e.f 22nd March, 2013). Subsequently the Company was registered as a Company limited by shares and the name of the Company was changed **to Magma Housing Finance Limited w.e.f 07.04.2017***

Registered & Corporate Office: Development House, 24 Park Street, Kolkata - 700016

Tel: [033 4401 7350]

CIN: U65922WB2004PLC229849

Website:www.magmahfc.co.in; **Email:** tibrewal.a@magma.co.in

Contact Person: Mr. AtulTibrewal

DISCLOSURE DOCUMENT (HEREINAFTER 'DISCLOSURE DOCUMENT') UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED FROM TIME TO TIME.

THIS DISCLOSURE DOCUMENT IS FOR THE ISSUE OF 1,400 (ONE THOUSAND FOUR HUNDRED) RATED SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS OF THE FACE VALUE OF Rs. 10,00,000 EACH, OF Rs. 140 CRORE (RUPEES ONE HUNDRED FORTY CRORE) FOR CASH AT PAR TO BE LISTED ON A WHOLESALE DEBT MARKET SEGMENT OF THE STOCK EXCHANGE.

GENERAL RISKS:

For taking an investment decision, investors must rely on their own examination of the Issue and the Disclosure Document including the risks involved. The Issue has not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document.

CREDIT RATING:

"CARE AA-" (pronounced double AA minus) by CARE Rating Limited for Rs. 200 crores vide letters dated 5thAugust, 2020(Reaffirmed) &Rs. 50 crore vide letter dated 13th August 2020 (rating assigned). (Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.)

The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information etc.

ISSUER'S ABSOLUTE RESPONSIBILTY:

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Disclosure Document contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in this Disclosure Document is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING:

The Debentures are proposed to be listed on the Wholesale Debt Market (WDM) segment of the BSE Limited ("BSE" or the "Stock Exchange").

Disclosure Document Date	Aug13, 2020
Issue Opening & Closing Date	Aug 17,2020
Pay-in-Date & Allotment Date	Aug18, 2020

The Issuer reserves the right to change the issue closing date and in such an event, the Date of Allotment for the Debentures may also be revised by the issuer at its sole and absolute discretion.

TRUSTEE FOR THE DEBENTUREHOLDERS	REGISTRAR TO THE ISSUE
IDBI Trusteeship Services Limited **Registered Office** Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai, Maharashtra - 400 001 Tel: +91 22 4080 7000; Fax: 91-22-6631 1776 E-mail: itsl@idbitrustee.com	**Niche Technologies Private Limited** **Registered Office** 7th Floor, Room No.7A & 7B 3A, Auckland Place, Kolkata – 700 017 Phones – 033-2280-6616/17/18/19/20 (5 Lines) E-mail ID: nichetechpl@nichetechpl.com Website: www.nichetechpl.com

This schedule prepared in conformity with SEBI (Issue & Listing of Debt Securities) Regulations, 2008, SEBI (Issue & Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012 (referred in this document "SEBI guidelines") and SEBI (Issue & Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular No. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014; Issues pertaining to primary issuance of debt securities issued vide circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 (referred in this document "SEBI Regulations/ Circulars"), and the Raising Money through Private Placement by NBFCs-Debentures etc. dated June 27, 2013 read with National Housing Bank Act read with Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 as amended from time to time, but is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the debentures to be issued by the Issuer.

Table of Contents

I. DEFINITIONS AND ABBREVIATIONS

The Company / Issuer / Issuer Company/ We / Our Company/ Us/ MHF	Magma Housing Finance Limited, originally incorporated in the name of GE Money Housing Finance Public Unlimited Company. On 18th June, 2004 the name was changed to GE Money Housing Finance (A Public Company with Unlimited Liability) which was subsequently changed to Magma Housing Finance (A Public Company with Unlimited Liability) w.e.f 22nd March, 2013. Subsequently the Company was registered as a Company limited by shares and the name of the Company was changed **to Magma Housing Finance Limited w.e.f 07.04.2017.**
Application Form	Pre-numbered form, which shall be issued by the Company to the Debenture Holder(s) as may be specifically named in such Application Form in which an investor can apply for subscription to the Debentures.
ALCO	Asset Liability Management Committee
Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue
Arranger	Lead Arranger and /or any other Arranger associated with the issuance
Articles	Articles of Association of the Company
Board/Board of Directors	Board of Directors of the Company or a Committee thereof.
Book Closure	The date of closure of register of Debentures for payment of interest and repayment of principal (in case of exercise of Call Option)
Business Day Convention	If any interest payment date falls on a day which is not a Business Day then payment of interest will be made on the next working day and if the principal redemption date falls on a Non Business Day then the payment due shall be made on the previous working day.
Business Day	Business Day being a day (other than Saturday, Sunday) on which Commercial Banks are open for business in Mumbai
CARE	CARE Ratings Limited
CEO	Chief Executive Officer
Credit Rating Agency (s)	CARE Ratings or any other SEBI registered Rating Agency, appointed from time to time
Coupon Payment Date	Date of payment of interest on the Debentures
Date of Allotment	The date on which Allotment for the Issue is made
Debentures/ NCDs/Bonds	Secured Redeemable Non-Convertible Debentures of face value of Rs.10 Lakhs each, Issue of Rs. 140 crore to be issued by Magma Housing Finance Limited
Debenture Holder(s)	The investors who are Allotted Debentures or holds debentures on respective record dates
Debenture Trust Deed	Debenture Trust Deed to be executed between the Issuer and the Debenture Trustee
Debenture Trustee	Trustee for the Debenture holders, in this case being **IDBI Trusteeship Services Limited**
Depository/ies	National Securities Depository Limited (NSDL)
DP	Depository Participant
EBP BSE	Electronic Bidding Platform of Bombay Stock Exchange
Director(s)	Director(s) of Magma Housing Finance Limited unless otherwise mentioned
Disclosure Document/ Disclosure Document / These Documents/ This Document	This document dated 13thAugust 2020 for Private Placement of Secured Redeemable Non-Convertible Debentures of face value of Rs. 10 lakhs each for cash,Issue of Rs. 140 crore to be issued by Company on private placement basis.
FCCB	Foreign Currency Convertible Bond
FPI	Foreign Portfolio Investor as defined in the SEBI (Foreign Portfolio Investor) Regulations,2014

Financial Year/ FY	Period of twelve months period ending March 31, of that particular year
FIs	Financial Institutions
HFCs	Housing Finance Companies
I.T. Act	The Income-tax Act, 1961 as amended from time to time
Issue	Issue of Rated, Listed, Secured, Redeemable, Taxable and Non-Convertible Debenture on a Private Placement basis.
Interest Payment Date	Date defined as such in the Debenture Trust Deed
ISIN	International Securities Identification Number
Memorandum / MoA	Memorandum of Association of the Company
Material Adverse Effect	Shall have the meaning as contemplated in the Debenture Trust Deed entered into by the Issuer with the Debenture holders
N.A	Not Applicable
NBFCs	Non-Banking Finance Companies
NCD	Non-Convertible Debentures
NHB	National Housing Bank
NPAs	Non- Performing Assets
NRIs	Non Resident Indians
NSDL	National Securities Depository Ltd.
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the FEMA Regulations.
PAN	Permanent Account Number
PPOAL/Private Placement Offer cum Application Letter	Means the document as required under section 42 of the Companies Act, 2013 read with Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended from time to time.
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being **Niche Technologies Private Limited**
Reference Date	Means the date on which the Issuer receives the subscription monies with respect to the Debentures
RTGS	Real Time Gross Settlement, an electronic funds transfer facility provided by RBI
Rs./	Indian National Rupee
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Regulations/ Guidelines	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued by SEBI as amended from time to time and circular dated January 05, 2018 for electronic book mechanism for issuance of the Debentures as amended from time to time.
Security Documents	Any security document entered into from time to time for creation of any Security for the benefit of the Debenture Holders
Stock Exchange	BSE Limited (BSE)
The Act	The Companies Act, 2013 (as amended from time to time) and The Companies Act, 1956 (only insofar as it is applicable)
WDM	Wholesale Debt Market
“We”, “us” and “our”	Unless the context otherwise requires, Our Company and its Subsidiaries.

II. **DISCLAIMER**

GENERAL DISCLAIMER

This Disclosure Document is neither a "Prospectus" nor a "Statement in Lieu of Prospectus". This document does not constitute an offer to the public generally to subscribe for or otherwise acquire the Debentures to be issued by Magma Housing Finance Limited. The document is for the exclusive use to whom it is delivered and it should not be circulated or distributed to third party/ (ies). The Issuer Company certifies that the disclosures made in this document are generally adequate and are in conformity with the SEBI Regulations and other relevant provisions. This requirement is to facilitate investors to take an informed decision for making investment in the proposed Issue. It is the responsibility of potential investors to also ensure that they will sell these NCDs in strict accordance with this Document and other applicable laws, so that the sale does not constitute an offer to the public, within the meaning of the Companies Act 2013.

Apart from this Document, no prospectus has been prepared in connection with this Issue and no prospectus in relation to the Issuer or the Debentures relating to this offer has been delivered for registration nor is such a document required to be registered under the applicable laws. However, Company will issue Private Placement Offer Letter as pursuant to section 42 read with rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 of the Companies Act, 2013 for making an allotment within the limit as mentioned in this Document and also within the limit as approved by the Shareholders of the Company for the issuance of Debenture in the financial year 2020-21.

This Disclosure Document is issued by the Company and has been prepared by the Company to provide general information on the Company to potential investors to whom it is addressed and who are eligible and willing to subscribe to the Debentures and does not purport to contain all the information a potential investor may require. Where this Disclosure Document summarizes the provisions of any other document, that summary should not be solely relied upon and the relevant document should be referred to for the full effect of the provisions. Neither this Disclosure Document, nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation. Any recipient of this Disclosure Document should not consider such receipt a recommendation to purchase the Debentures. Each potential investor contemplating the purchase of any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own legal, regulatory, tax, financial, accounting, and/or other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such potential investor's in particular circumstances.

This Document shall not be considered as a recommendation to purchase the Debentures and recipients are urged to determine, investigate and evaluate for themselves, the authenticity, origin, validity, accuracy, completeness, adequacy or otherwise the relevance of information contained in this Document. The recipients are required to make their own independent valuation and judgment of the Company and the Debentures. The potential investors should also consult their own tax advisors on the tax implications relating to acquisition, ownership, sale or redemption of the Debentures and in respect of income arising thereon. Investors are also required to make their own assessment regarding their eligibility for making investment(s) in the Debentures. The Company or any of its directors, employees, advisors, affiliates subsidiaries or representatives do not accept any responsibility and/ or liability for any loss or damage however arising and of whatever nature and extent in connection with the said information.

Each person receiving and acting on this Document acknowledges that:
- such person has been afforded an opportunity to request and to review and has received all additional information considered by him/her/it to be necessary to verify the accuracy of or to supplement the information herein and
- has not relied on any intermediary that may be associated with any tranche or issuance of NCDs in connection with its investigation of the accuracy of such information or its investment decision.

The Issuer does not undertake to update the Document to reflect subsequent events after the date of the Document and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer. Neither the delivery of this Document nor any sale of NCDs made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

However, the Issuer shall be, for every issue of NCDs under this Document, file a Term Sheet and update this Document to the extent necessary which besides being with the BSE shall be issued to the then potential investor of such issue of NCDs. The Document is made available to investors in the Issue on the strict understanding that it is confidential.

FORCE MAJEURE

The Company reserves the right to withdraw the Offer prior to the earliest closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment or otherwise. In such an event, the Company will refund the application money, if any, along with interest payable on such application money, if any, without assigning any reason.

FILING OF THE DISCLOSURE DOCUMENT

This Document has been filed with the BSE in terms of SEBI Regulations, with the Registrar of Companies Kolkata, if required, under the Companies Act, 2013 and with the National Housing Bank, if required, as the Debentures are being privately placed.

DISCLAIMER OF THE NATIONAL HOUSING BANK

The company is having a valid Certificate of Registration dated 25th October, 2004 issued by the National Housing Bank under Section 29A of the National Housing Bank Act, 1987. Pursuant to the change of name of the Company, the Certificate of Registration in the new name was received on 16th May, 2013. Subsequently, the Company was registered as a Company limited by shares and received the fresh Certificate effecting the name change on 12th July 2017. However, the National Housing Bank does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of the liabilities by the company.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Document has not been filed with Securities & Exchange Board of India (SEBI). The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this document. The issue of Debentures being made on private placement basis, filing of this document is not required with SEBI however SEBI reserves the right to take up at any point of time, with the Issuer Company, any irregularities or lapses in this document.

DISCLAIMER OF THE ARRANGER

It is advised that the Issuer Company has exercised selfdue-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Arranger in the assignment is confined to marketing and placement of the Debentures on the basis of this Disclosure Document as prepared by the Issuer Company. The Arranger has neither scrutinized/ vetted nor has it done any due-diligence for verification of the contents of this Disclosure Document. The Arranger shall use this document for the purpose of soliciting subscription to eligible investors in the Debentures to be issued by the Issuer Company on private placement basis. It is to be distinctly understood that the aforesaid use of this document by the Arranger should not in any way be deemed or construed that the document has been prepared, cleared, approved or vetted by the Arranger; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer Company. The Arranger or any of its directors, employees, affiliates or representatives does not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document.

III. MANAGEMENT'S PERCEPTION OF RISK FACTORS

Risk Management is an important function in Magma Housing. The risk team comprises of a dedicated team of professionals who are adept at using latest analytical tools and appropriate software which supports the company in designing appropriate product and customer segment specific credit policies and processes keeping in view its own risk appetite and historical portfolio performance.

The following are the risks envisaged by the management and Investors should consider the following risk factors carefully for evaluating the Company and its business before making any investment decision. Unless the context requires otherwise, the risk factors described below apply to Magma Housing Finance only.

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

a. Identification of lead economic indicators relevant to Real Estate Market and Magma Housing's lending business;
b. Adapting with Government policies and analyzing impact of the same
c. Establishing and regular monitoring of delinquency parameters at the portfolio level

Lead indicators
Lead indicators that govern Magma Housing's credit & risk policies are as follows:

a. National GDP growth
b. Real Estate index
c. Core Sector performance
d. Inflation

The above indicators have direct impact on customer cash flows and real estate valuation that Magma Housing; these are tracked very closely throughout the year to ensure portfolio level corrective steps from time to time.

Regular portfolio reviews by Magma Housing's Risk Management Committee (RMC) ensures assessment of 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 a credit or a market risk and covers a wide range of the Company's activities. It involves alignment of all functions and verticals towards identifying key risks. 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.

Since inception, Magma Housing has undertaken following steps to minimize operational risk

- All processes are standardized and documented
- Clearly defined delegation of authority matrix
- Credit and operations verticals segregated to ensure effective maker-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 Housing. The entire credit process is metrics-driven to achieve the risk-return goals and ensure a healthy portfolio in the years to come.

Asset liability risk
Any mismatch in the tenures of borrowed and disbursed funds may result in liquidity crunch and thereby impact Company's ability to service its loans. Thus it is imperative that there exists minimal mismatch between the tenures of borrowing and assets. At Magma Housing, 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 no exposure to foreign exchange risk, since its entire disbursements are in rupee terms and all of its borrowings are in the nature of rupee debt.

Liquidity risk management

Magma Housing is working meticulously in diversifying its borrowing profile. Such diversified and stable funding sources emanate from several Banks and Financial Institutions. As a consequence of its impeccable portfolio quality created through careful lending, the Company has established an excellent track record with it's lenders. As a matter of prudence and with a view to manage liquidity risk at optimum levels, Magma Housing keeps suitable levels of unutilized bank limits effectively mitigate possible contingencies arising out therefrom.

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

IV. DETAILS OF THE ISSUER COMAPNY

A. ISSUER INFORMATION

a) NAME AND ADDRESS OF THE FOLLOWING:

Sr. No.	Particulars	Details
1.	Name of the Issuer	Magma Housing Finance Limited
2.	Date of Incorporation	21st April, 2004
3.	Registered Office	Development House, 24 Park Street, Kolkata - 700016
4.	CIN No.	U65922WB2004PLC229849
5.	Web site and e-mail address	www.magmahfc.co.in Email: tibrewal.a@magma.co.in
6.	Compliance Officer	**Mrs. PritiSaraogi (Company Secretary)** Magma Housing Finance Limited Ecospace Business Park, Premises No.501 Block 4A, 5th Floor, New Town, Rajarhat, Kolkata - 700160 Email ID: priti.saraogi@magma.co.in Phone No.: 9830245793
7.	Chief Finance Officer (CFO) of the Issuer	**Mr. Ajay Arun Tendulkar** Magma Housing Finance Limited "Equinox Business Park, 2nd Floor Tower 3, Off BKC, LBS Marg, Kurla West, Mumbai - 400070
8.	Trustee to the Issue	**IDBI Trusteeship Services Limited** RegdOffice Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – Maharastra – 400 001 **Tel: (022) 4080 7000; Fax**: 91-22-6631 1776 E-mail: itsl@idbitrustee.com
9.	Registrar to the Issue	**Niche Technologies Private Limited** 7th Floor, Room No.7A &7B , 3A, Auckland Place, Kolkata – 700 017
10.	Credit Rating Agency (s) of the Issue	**CARE Rating Ltd.** Corp Office: 4th Floor, Godrej Coliseum, Somaiya, Hospital Road, Off Eastern Highway, Sion (East), Mumbai – 400022. The Issuer reserves the right to appoint an additional SEBI registered Credit rating agency for full or part of the issue size, as it may deem fit, subject to a minimum credit rating as specified in the term sheet.
11.	Auditor(s) of the Issuer	**M/s Walker Chandiok& Co. LLP,** 10 C Hungerford Street 5th Floor, Kolkata – 700017
12	Arranger	**SBI Capital Markets Ltd** **202 Maker Tower-E, Cuffe Parade, Mumbai 400005**

B. BRIEF SUMMARY OF THE BUSINESS CARRIED ON BY THE ISSUER AND ITS SUBSIDIARIES

a) *Overview*

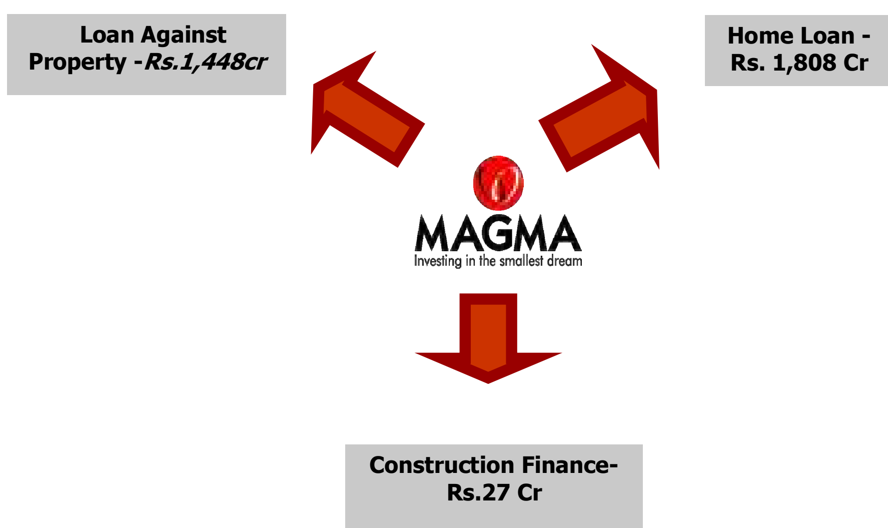
History & Background of the Issuer Company

- ❖ Magma Housing Finance Limited is the housing-finance arm of the Magma Group in India. It was incorporated on 21 April 2004 in Delhi India to carry on the business of housing finance. The Company was registered as a non-deposit taking housing finance company with the National Housing Bank (NHB) in October 2004. The Company commenced business operations in November 2004. The company was acquired by Magma Group from GE Group on 11th February, 2013.

Main Objects of the Company (as per the existing Memorandum of Association)

To provide long term finance to any person(s) or co-operative society or association of persons or body of individuals, firms, companies, bodies corporate, either at interest or without and/or with or without any security or construction, purchase, enlarge, or repair of any houses, flats, bungalows, rooms, huts used or to be used for residential or commercial purposes either in total or in part thereof or to purchase any freehold or leasehold lands, estate or impress in any property to be used for residential or commercial purposes.

➢ **<u>Product Mix:</u>**



Total Loan Assets under Management as of March 2020 – Rs. 3,283crore

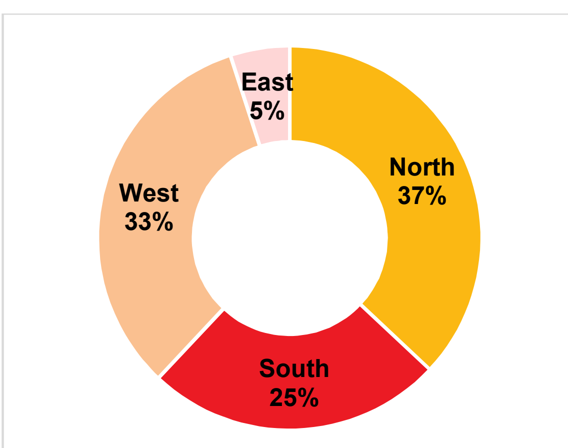
➢ Network of Branches:

The company has a network of 103 branches spread across the country.

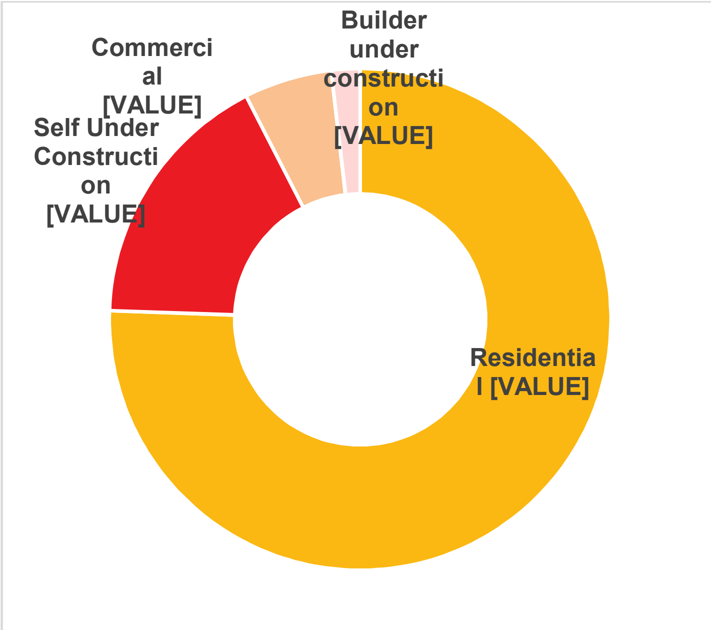
Deep presence in select geographies pan India through hub and spoke model

➢ Geographical Breakup, Collateral Mix and Customer Mix

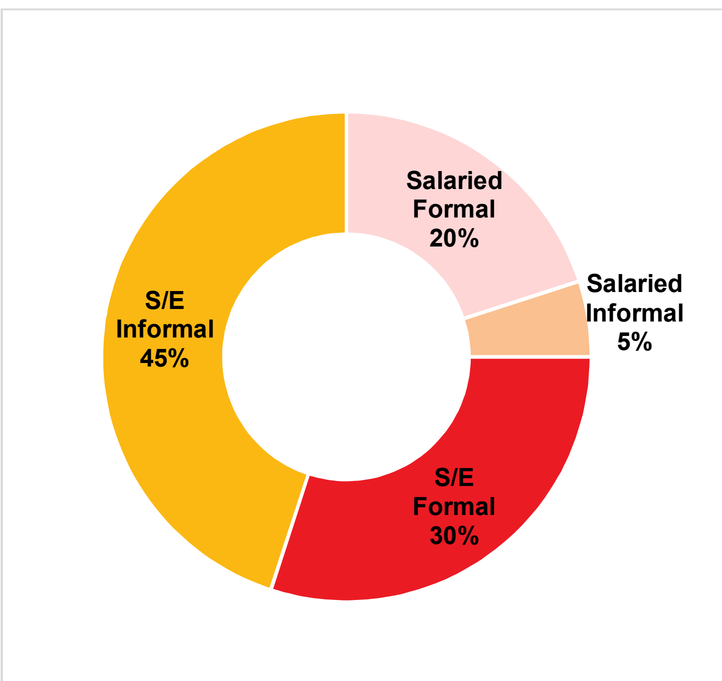
The Geographical mix of MHF's portfolio outstanding as on 31st March, 2020 is as below:



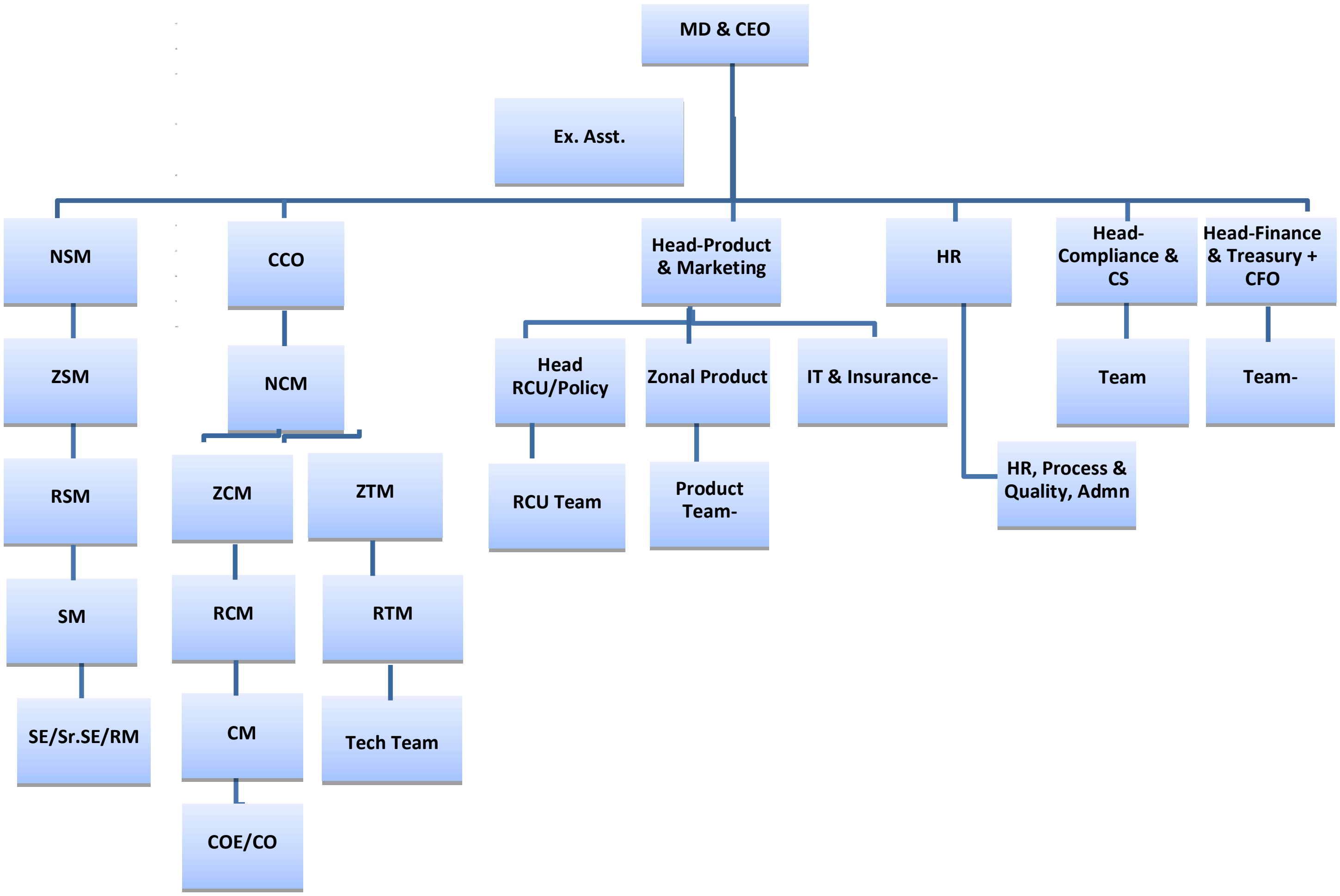
The Collateral mix of MHF's portfolio outstanding as on 31st March, 2020 is as below:



The Customer mix of MHF's portfolio outstanding as on 31st March, 2020 is as below:



Corporate Structure



<u>Details of Subsidiary Companies of the Issuer:</u> None

C. Directors of the Issuer as on 30th June 2020:

a) Details of the current Directors of the Company:

Sr. No.	Name, Designation, DIN and Occupation	Age	Address	Directorship of the company since	Details of other Directorship
1	Sanjay Chamria, Director DIN – 00009894 Service	55	22/1, Belvedere Road, 10th Floor, Alipore, Kolkata – 700 027	11th February 2013	1. Celica Developers Private Limited 2. Finance Industry Development Council 3. Fluence Advisory Services Limited 4. Jaguar Advisory Services Private Limited 5. Magma Consumer Finance Private Limited 6. Magma Fincorp Limited 7. Magma HDI General Insurance Company Limited 8. Microfirm Capital Private Limited
2	Manish Jaiswal, Managing Director DIN – 07859441 Service	51	Flat- C/1203, 12th Floor, Oberoi Exquisite, Oberoi Garden City, Goregaon East, Off Western Exp Highway Mumbai-400063	26th June 2017	Nil
3	Satya BrataGanguly* Director DIN- 00012220	77	16B Minto Park, 13 D L Khan Road, Kolkata - 700027	13th July 2018	1. Paharpur Cooling Towers Limited; 2. Emami Limited 3. Sucharita Printers Private Limited
4	Raman Uberoi Director DIN- 03407353	52	C-32, Kalindi Colony, New Delhi- 110065	20th March, 2020	1. Principal Trustee Company Private Limited 2. Receivables Exchange of India Limited
5	Deena Asit Mehta Director DIN- 00168992	59	17A, Abhilasha Building, 17th Floor, 46 August Kranti Marg, Mumbai-400036	20th March, 2020	1. Asit C Mehta Financial Services Limited 2. Gandhar Oil Refinery (India) Limited 3. Reliance Asset Reconstruction Company Limited 4. Asit C Mehta InvsetmentInterrmediates Limited 5. Edgytal Digital Marksting Private Limited 6. NMIMS Business School Almuni Association 7. Fino Payments Bank Limited

**Ceased to be Director of the Company due to completion of his term w.e.f. close of business hours of 12 July 2020.

The Company certifies that none of its Directors are appearing on the RBI/ ECGC defaulters list.

b) Brief profile of the Board of Directors/Management of the Company

1) **Mr. Sanjay Chamria,** aged about 55 years, is a Fellow Chartered Accountant. He is the Non-executive Chairman of the Company. He currently holds the position of Vice-Chairman & Managing Director of Magma Fincorp Limited, a Non-Banking Financial Company (NBFC) listed with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) and steers policy formation, strategy planning and execution.

2) **Mr Manish Jaiswal,**aged about 51 years, is a Bachelor of Engineering from Visvesvaraya National Institute of Technology, Nagpur and has also completed his Fast Track General Management Program from IIM, Bangalore. He is the Managing Director & Chief Executive Officer of the Company. He has earlier served as Sr. Director & Business Head -SME Ratings and Ecosystem Business, CRISIL, Mumbai and has also served as Business Head of Small and Medium Enterprises (SME) Group at Dhanalaxmi Bank Limited. In a career of over 25 years, he has held key positions in companies such as Fullerton India Credit Company, Citibank and Eicher Motors.

3) **Mr. Satya BrataGanguly**, aged about 77 years, is an Independent Non-executive Director of the Company. He holds a bachelor's degree in chemical engineering from the Bihar Institute of Technology, Sindri. He has held senior positions in Chloride India Limited (now Exide Industries Limited) having retired as its chairman emeritus. He is on the board of directors of various companies such as Sucharita Printers Private Limited, Paharpur Cooling Towers Limited and Emami Limited. He was associated with our Parent Company, Magma Fincorp Limited as an Independent Director upto September 2019.

4) **Mr. Raman Uberoi,** aged about 52 years**,** is an Independent Non-executive Director of the Company. He is a B.Com (H) and a Chartered Accountant. He has worked in CRISIL for over 24 years. In his last stint with CRISIL as President Ratings and Corporate Affairs, he led the ratings business for CRISIL and also managed the government and regulatory relationships. Prior to that, he was holding the position of Chief Operating Officer in CRISIL handling various functions, viz. finance, IT, legal, regulatory, compliance, marketing and communication and also led the strategy function and the M&A cell. As an advisor, he handled multiple assignments with Ministry of Finance, ADB and World Bank in the areas of infrastructure financing, infrastructure sector outlooks and SME financing. Presently, acting as an Independent Director in 2 renowned companies.

5) **Ms. Deena Asit Mehta,** aged about 59 years**,** is an Independent Non-executive Director of the Company. She is a B.Com (H), Chartered Accountant and holds a Master's degree in Management Studies from SVKM's NMIMS. Currently she is a financial adviser. She holds the position of Managing Director and Chief Executive Officer of Asit C. Mehta Investment Interrmediates Ltd. She has served as the first woman director of Bombay Stock Exchange Limited (BSE Ltd.). She is also a Former President of BSE. She had been awarded by Cosmos Bank for outstanding contribution in the field of finance.

Management Team

1) **Mr. Ajay Arun Tendulkar** is the Chief Financial Officer of the Company. He is a qualified AICWA and completed MMS in finance from Mumbai University. He has over 25years of rich experience in the banking & financial services in the field of finance comprising of controllership, FP&A, Legal & Compliance etc.Prior to Magma, Mr. Tendulkar has worked with renowned companies like Fullerton, HSBC, SITEL,GE Money, Ashok Leyland Finance and ShapoorjiPallonji Finance Limited.

2) **Mr. VishwasShrungarpure**is the Chief Business Officer of the Company. He holds a Bachelor's degree in Mechanical Engineering and a Master's degree in Business Administration from Institute of Management Studies, Devi Ahilya University, Indore. He brings with him a rich experience of 22 years in Housing Finance, Construction Finance and Mortgages, covering key areas of Sales, Credit - Risk and Collections.

3) **Mr. Milind Deshmukh** is the Head of Credit of the Company. He holds a Bachelor's degree in Commerce from Mumbai University. He has more than 18 years of work experience within the Banking and Financial sector. He has been instrumental in preparing complete affordable housing policy in line with compliance, audit, legal and business aspects.

4) **Mr. Jaideep Sharma** is a Bachelor of Commerce from Jammu University and has also completed Full Time MBA- Finance from Pune University. He is heading NHB Compliance for the Company. He has earlier served GE Capital as Legal Head Recovery. During his 18 years stint he had exposure in Recovery, Sales, and Credit Underwriting & Operation.

5) **Mr. AnandWagh** is the Integrated Head of Collections of the Company. He holds a Bachelor's degree in Commerce and a Bachelor's degree in Law from Mumbai University. He also holds a Masters in Business Administration from IGNOU. He has more than 28 years of work experience within the banking and Financial sector across organizations like HSBC, CITI Bank Ltd. among others.

D. Capital Structure of the Company as on 30th June, 2020

a) Authorised, issued and fully paid-up capital

AUTHORIZED **(Rs. In lakhs)**

20,00,00,000	Equity shares of Rs. 10/- each	20,000
Nil	Preference shares of	Nil

		20,000

ISSUED, SUBSCRIBED AND PAID-UP

165829853	Equity shares of Rs. 10/ each	16,582.99

b) Capital History of the Issuer

i. Details of Equity share capital history as on 30th June, 2020:

Rs. In crores.

Date of allotment	No. of Equity Shares	Face value (Rs)	Issue Price (Rs)	Exercise Price	Consideration (Rs)	Consideration in cash or other than cash, details as applicable	Cumulative			Nature of Allotment
							No. of equity shares	Paid Up Equity Capital (Rs) `	Equity share premium (Rs)	
21.04.2004	50,000	10	10	10	5,00,000		50,000	5,00,000	N.A.	Subscribers to Memorandum
09.09.2004	19,92,858	10	10	10	1,99,28,580		19,92,858	1,99,28,580	N.A.	Further Issue
20.09.2004	2,00,000	10	10	10	20,00,000		2,00,000	20,00,000	N.A.	Further Issue
30.03.2005	1,77,57,142	10	10	10	17,75,71,420		1,77,57,142	17,75,71,420	N.A.	Further issue
31.03.2006	3,00,00,000	10	10	10	30,00,00,000		3,00,00,000	30,00,00,000	N.A.	Further issue
28.03.2007	2,00,00,000	10	10	10	20,00,00,000		2,00,00,000	20,00,00,000	N.A.	Further issue
30.11.2007	80,00,000	10	10	10	8,00,00,000		80,00,000	8,00,00,000	N.A.	Further issue
31.03.2008	3,95,00,000	10	10	10	39,50,00,000		3,95,00,000	39,50,00,000	N.A.	Further issue
31.03.2008	2,00,00,000	10	10	10	20,00,00,000		2,00,00,000	20,00,00,000	N.A.	Further issue
17.04.2008	6,02,500	10	10	10	60,25,000		6,02,500	60,25,000	N.A.	Further issue
17.04.2008	1,00,00,000	10	10	10	10,00,00,000		1,00,00,000	10,00,00,000	N.A.	Further issue
23.03.2020	17,727,353	10	56.41	56.41	999,999,982.73		17,727,353	177,273,530	822,72,64,52.73	Right issue
TOTAL	**1,65,829,853**				**24,81,024,983**		**1,65,829,853**	**1,65,82,98,530**		

ii. Preference Share Capital as on 30th June 2020: None

c) Details of allotment of Equity share and Preference Share capital in last 1 year

Sl.No.	*Name of Shareholders*	*Number of Shares*	*Face value*	*Premium*	*Total*	*Date of Allotment*
1	Magma Fincorp Limited	17,727,353	177,273,530/-	822,72,64,52.73/-	999,999,982.73/-	23.03.2020

d) Details of change in Directors since last three years

Name, Designation and DIN	Date of Appointment / Resignation	Director of the Company since (in case of resignation)	Remarks
1. Mr. SachinKhandelwal, Managing Director, DIN – 00055621	12.06.2017	11.02.2013	
2. Mr. Ajay Bharat Candade, Director, DIN – 07090569	19.04.2018	18.06.2015	
3. Mr. Manish Jaiswal, Managing Director, DIN –07859441	26.06.2017	-	
4. Mr. Satya BrataGanguly, Director, DIN –00012220	13.07.2018	12.07.2020	
5.Ms. MamtaBinani, Director, DIN-00462925	28.03.2015	27.03.2020	
6.Mr. Raman Uberoi, Director, DIN-03407353	20.03.2020	-	
7.Ms. Deena Asit Mehta, Director, DIN-00168992	20.03.2020	-	
8. Mr. MayankPoddar, Director, DIN-00009409	04.05.2015	09.06.2020 (Retirement*)	
9. Mr. Kailash Baheti, Director, DIN-00192017	11.02.2013	09.06.2020	
10. Mr. Sanjay Chamria, Director, DIN-00009894	11.02.2013	-	

*Expressed desire not to be reappointed at the ensuing Annual General Meeting

E. Details of the Auditors of the Company:

a) Details of the Auditor of the Company.

Name	Address	Auditor Since
M/s Walker Chandiok& Co. LLP	10 C Hungerford Street 5th Floor, Kolkata - 700017	FY 17-18

b) Details of change in Auditor since last three years: There has been no change of Statutory Auditors of the Company since last three years.

Name	Address	Auditor Since	Resigned
BSR & Co. LLP	1st Floor, LodhaExcelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalakshmi, Mumbai - 400 011	22nd April, 2004	Auditors upto FY 16-17

F. Shareholding Pattern of the Company as on last quarter end 30th June, 2020

Category	Total No. of Equity Shares	No. of Shares in demat form	% Holding
Magma Fincorp Limited	165,829,803	165,829,803	100%
MayankPoddar	10	0	0.00%

Category	Total No. of Equity Shares	No. of Shares in demat form	% Holding
Sanjay Chamria	10	0	0.00%
Shabnum Zaman	10	0	0.00%
Rakesh Jodhani	5	0	0.00%
StutiPithisaria	5	0	0.00%
Rajesh Singhania	10	0	0.00%
TOTAL	**165,829,853**	**165,829,803**	**100%**

Note: Beneficial interest of individual shares lies with Magma Fincorp Limited (MFL).

a) Details of shares pledged or encumbered by the promoters (if any): NIL

Details of promoters of the Company:

Details of promoter holding in the company as on the latest quarter end: As on as on 30th June, 2020

Srl No.	Name of the shareholder	Total No. of Equity shares	No of shares in demat form	Total Shareholding as a % of total no. of equity shares	No. of shares pledged	%of shares pledged with respect to shares owned
1	Magma Fincorp Limited	165,829,803	165,829,803	100	NIL	NIL

50 shares are held by nominees of Magma Fincorp Limited (MFL), and the beneficial interest of such shares lies with MFL.

G. List of Top 10 Shareholders and Debentures of the Company

a) List of Top 10 Equity Shares Holders of the Company as on Last Quarter End: 30th June, 2020

Sr. No	Shareholder(s)	Number of Equity Shares	No. of shares in demat form	Percentage (%)
1	M/s Magma Fincorp Limited	165,829,803	165,829,803	100
2	MayankPoddar	10	-	0.00
3	Sanjay Chamria	10	-	0.00
4	Shabnum Zaman	10	-	0.00
5	Rajesh Singhania	10	-	0.00
6	Rakesh Jodhani	5	-	0.00
7	StutiPithisaria	5	-	0.00

Note: Beneficial interest of individual shares lies with Magma Fincorp Limited (MFL).

b) ***List of Top 10 Holders of Preference Shares of the Company as on Last Quarter Ended June 30, 2020:***

Not Applicable

c) List of Top 10 Debenture Holders (As on 30th June 2020)

(Rs. In Crore)

Sl No.	Name of the Debenture Holder	Amount
1	Union Bank of India	75.00
2	Punjab National Bank	50.00
3	HDFC Life Insurance Company Limited	25.00

4	Bank of India	20.00
5	Bank of Maharashtra	10.00

H. Details of borrowing of the company, as on the latest quarter ended 30th June 2020:

a) Details of Secured Loan Facilities

(Rs. in crore)

SL No.	Lenders Name	Type of facility	Amount sanctioned	Amount O/s as on 31.03.20	Repayment schedule	Repayment Date	Security
1	State Bank of India	Term Loan	200.00	25.00	16 equal Qtrly installments	31/Dec/20	Paripassu charge over the entire receivables and underlying assets arising out of term loans of the company both present and future (except those exclusively financed by other lenders)
2	State Bank of India	Term Loan	100.00	18.75	16 equal Qtrly installments	31/Mar/21	
3	ICICI Bank	Term Loan	50.00	28.57	28 equal Qtrly installments	30/June/24	Exclusive charge over receivables arising out of assets financed against the said term loan
4	ICICI Bank	Term Loan	50.00	33.93	28 equal Qtrly installments	29/Mar/25	
5	Syndicate Bank	Term Loan	75.00	51.56	16 equal Qtrly installments	21/Mar/23	
6	IDFC First Bank	Term Loan	150.00	103.13	48 Equal Mnthly instalments, wef Apr-20	30/03/2024	
7	Syndicate Bank	Term Loan	150.00	131.25	16 equal Qtrly instalments starting from Mar-20	10-Dec-23	
8	Andhra Bank	Term Loan	100.00	100.00	16 Equal Qtrly instalments, wef Mar-21	10-Dec-24	
9	Bank of Baroda	Term Loan	75.00	67.19	48 equal Mnthly instalments starting from 29-02-20	19-Jan-24	
10	Punjab National Bank	Term Loan	150.00	150.00	16 Equal Qtrly, wef Jun-21	31-Mar- 25	
11	LIC HFL	Term Loan	300.00	291.11	120 Equal Mnthly instalments, wef 01Feb20	01-Dec-29	
12	United Bank	Term Loan	100.00	100.00	16 Equal Qtrly instalments, wef Dec-20	31-Jul-24	
13	NHB	Term Loan	45.00	45.00	18 quarterly installment wef, 1Oct20	1-Apr-25	
14	NHB	Term Loan	50.00	50.00	38 Qtrly installments wef, 1Oct20	1-Apr-30	
15	NHB	Term Loan	50.00	50.00	38 Qtrly installments wef1 Oct20	1-Apr-30	
16	NHB	Term Loan	54.00	54.00	18 quarterly installments wef, 1Oct20	1-Apr-25	
17	NHB	Term Loan	28.35	28.35	Bullet repaymenton May 20, 2021	20-May-21	

SL No.	Lenders Name	Type of facility	Amount sanctioned	Amount O/s as on 31.03.20	Repayment schedule	Repayment Date	Security
18	SBI	Cash Credit	300.00	180.00	Repayable on demand		Paripassu charge over the entire receivables and underlying assets arising out of finance of the company both present and future (except those exclusively financed by other lenders)
19	ICICI bank	Cash Credit	10.00	-			
20	Canara Bank	Cash Credit	50.00	30.00			
21	Corporation Bank	Cash Credit	50.00	30.21			
	Total		**2,137.35**	**1,568.05**			

Note: All installments are as per the original installments payable for the loan sanctioned.

b) Details of Unsecured Loan Facilities:

(Rs. in crore)

SL No.	Lenders Name	Type of facility	Amount sanctioned	Amount O/s as on 31.03.20	Repayment schedule	Repayment Date	Security
1	IDFC FIRST Bank Limited	Unsecured Loan-Sub Debt	100	100	Bullet repayment	30/Mar/26	N.A.

c) Details of Secured Non-convertible Debentures issued and outstanding as on 30th June 2020

(Rs. in Crore)

SL No.	Debenture Series	Tenure /Period of Maturity	Coupon	Amount	Date of allotment	Redemption date	Rating	Secured
1	E	7 years	10.10%	20.00	31-Mar-15	31-Mar-22	CARE AA-	Paripassu Mortgage over the Company's Immovable property situated and Pari–passu first charge by way of hypothecation on the company's book debts and loan installments receivables
2	F	7 years	10.00%	10.00	31-Mar-16	31-Mar-23	CARE AA-	Paripassu Mortgage over the Company's Immovable property situated and Pari–passu first charge by way of hypothecation on the company's book debts and loan installments receivables
3	H	550 days	10.88%	25.00	29-Mar-19	29-Sep-20	BWR AA	Paripassu Mortgage over the Company's Immovable property situated and Exclusive first charge by way of hypothecation on the company's book debts and loan installments receivables
4	MHFL Series 1 2020	3 Years	9.00%	125.00	26-Jun-20	26-Jun-23	CARE AA-	Exclusive first charge by way of hypothecation on the company's book debts

								and loan installments receivables to be created.
	Total			**180.00**				

d) Non-Convertible Redeemable Unsecured Subordinated Debt as on June 30, 2020: None

e) Perpetual Debt Instruments as on June 30, 2020 : None

f) Details of Commercial Paper:- As on as on June 30, 2020 : None

g) The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, group company, etc) on behalf of whom it has been issued: NIL

h) Details of Rest of the Borrowing (If Any Including Hybrid Debt Like FCCB, Optionally Convertible Debentures / Preference Shares) As On as on June 30, 2020 - None

i) Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 5 years: Nil

j) Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option: please refer point H above for borrowings; for other NA

k) Project cost and means of financing, in case of funding of new project: Not Applicable

l) Financial position of the company

(Rs. In Crore)

Parameters	Standalone Audited	Standalone Audited	Standalone Audited
	FY 2019-20	FY 2018-19	FY 2017-18*
Net worth	480.58	340.86	298.22
Total Debt	1,982.79	1,392.49	1,102.54
of which – Non Current Maturities of Long Term Borrowing	1,272.03	714.44	449.52
- Short Term Borrowing	385.60	404.48	411.29
Current Maturities of Long Term Borrowing	325.16	273.56	241.73
Net Fixed Assets	7.42	1.59	1.22
Total Non-Current Assets	2,079.27	1,825.10	1,389.94
Cash and Bank Balances	59.91	24.15	8.90
Current Investments	Nil	Nil	Nil
Total Current Assets	474.41	137.69	108.96
Current Liabilities	2,746.93	898.43	716.57
Assets Under Management	3,282.79	2,429.50	1,808.02
Off Balance Sheet Assets	875.71	533.89	342.72
Interest Income	305.53	223.42	207.02
Interest Expense/Finance Costs	176.69	113.34	108.90
Provisioning/Write off (net of reversal)	21.74	1.73	20.21
PAT (Before Minority Interest)	37.53	27.51	23.20
Gross NPA (%)	1.61	1.80	5.22
Net NPA (%)	0.97	1.18	3.29
Tier I Capital Adequacy Ratio (%)	30.56	26.82	28.30
Tier II Capital Adequacy Ratio (%)	5.43	8.16	0.50

*Figures of FY 17-18 are as per IGAAP

Details of Acquisition or Amalgamation in the last 1 year: None

Details of any Reorganisation or Reconstruction in the last 1 year: None

DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

i. Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons;
There is no financial and other material interest of the Directors, promoters and key managerial personal of the Company in offer.

ii. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed;

There is no litigation or legal action pending or taken by any Ministry or Department of Government or statutory authorities against any promoters of the Company during last three years immediately preceding the year of circulation of offer except as cases mentioned below for Magma Fincorp Limited:

Particulars	Number of cases	Amount involved (in ₹ lakhs) *
Direct tax proceedings (A)		
Income tax	7	476.70
Total (A)	**7**	**476.70**
Indirect tax proceedings (B)		
Sales tax	21	597.21
Service tax	3	417.66
Goods and Service Tax	-	-
Total (B)	**24**	**1,014.87**
Total (A+B)	**31**	**1,491.57**

iii. Remuneration of directors (during the current year and last three financial years);

(Rs. in lacs)

Name of Director	Designation	Remuneration paid		
		FY 2019-20	FY 2018-19	F.Y 2017-18
Sachin Khandelwal*	Managing Director	-	-	224.68
Manish Jaiswal	Managing Director	126.71	139.00	95.23
MamtaBinani	Independent Director	5.30	4.70	4.80
Ajay Bharat Candade**	Independent Director	NA	NA	-
Satya BrataGanguly	Independent Director	4.70	3.70	-

* Erstwhile Managing Director
** Erstwhile Independent Director

Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided

(Rs. In Lacs)

Sl No.	Name of related parties	Particulars of Related Party Transaction	FY 2019-20	FY 2018-19	FY 2017-18
A) Subsidiary company (Fellow subsidiary)					
1	Magma ITL Finance Ltd# Fellow Subsidiary Company	Long Term Loans and Advances given	-	-	-
		Refund of Long Term loans and advances given	-	-	3500
		Interest receipts	-	-	398.62
B) Holding company					
1	Magma Fincorp Limited (Holding co)	Cost allocation	1163.50	1,334.01	947.32
		Equity share holding	1,772.74	-	14,810.25
		Share Premium	8,227.26	-	-
		Long-term loans and advances taken	57,000.00	35,000.00	-
		Refund of long-term loans and advances taken	57,000.00	35,000.00	-
		Interest paid on loan taken	683.87	870.41	-
		Direct Assignment Sale	22,946.51	22,802.95	-
		Direct Assignment Servicing Fees received	31.29	1.81	-
C) Joint venture of holding company					

Sl No.	Name of related parties	Particulars of Related Party Transaction	FY 2019-20	FY 2018-19	FY 2017-18
1	Magma HDI General Insurance Company Limited	Advance recoverable	1347.89	561.73	158.54
		Adjustments of loans and advances given	1165.91	493.00	156.95
D) Key Management Personnel					
1	Sachin Khandelwal*	Director's remuneration	-	-	224.68
2	Manish Jaiswal	Director's remuneration	126.71	139.00	95.23
		Loan given	-	639.56	-
		Repayment of loan	4.91	375.78	-
		Installment received in advance	2.41	2.41	-
		Interest income	24.07	13.69	-
3	Gauri Shankar Agarwal**	Salary	-	62.34	106.30
		Loan given	-	-	33.75
		Repayment of loan received	-	1.08	2.49
		Installment received in advance	-	-	0.24
		Interest Income	-	1.50	0.17
4	Ian Gerard Desouza	Salary	185.47	41.25	-
5	PritiSaraogi	Salary	11.04	10.53	9.18
E) Relatives of Key Management Personnel					
1	Anita Agarwal	Car hire charges paid	-	-	1.65
2	Moh Jaiswal	Loan given	-	221.12	-
		Repayment of loan received	3.30	1.56	-
		Installment Received in advance	1.95	1.95	-
		Interest income	20.07	8.17	-
F) Directors					
1	MamtaBinani	Sitting Fees	5.30	4.70	4.80
2	Satya BrataGanguly	Sitting Fees	4.70	3.70	-
G) Firm in which director is a partner					
1	CLP Business LLP	Security Deposit given	-	-	6.45
		Rent Expense	15.22	15.22	11.42
H) Private Company in which director is member or director					
1	Celica Developers Private Limited	Loan given	2490.00	-	-
		Interest Income	179.72	-	-
		Repayment of Loan	94.65	-	-

 # Merged with Magma Fincorp Limited
*** Erstwhile Managing Director**
**** Erstwhile Chief Financial Officer**

iv. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark;

No reservations, qualifications or adverse remarks have been given by the auditors in the Auditors Report of the Issuer Company during the last five financial years ending 31st March, 2020, except in the Financial Year ended 31st March, 2015 as given below:

In the Auditors Report of the Issuer Company during the Financial Year ending 31st March, 2015, the Auditors had pointed out the delay in deposit of professional tax with appropriate authorities.

v. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries

NIL

vi. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company;
There is no material fraud on the Company during the last three years as reported in the Auditor's Report.

V. PARTICULARS OF THE OFFER

Authority for the Placement

The present issue of Rs. 140 Crores is within the general borrowing limits in terms of the resolution passed under Section 180(1)(c) of the Companies Act, 2013 at the Annual General Meeting of the shareholders of the Company held on 26th July 2014 giving their consent to the borrowing by the Directors of the Company from time to time up to Rs. 4,000 crores. The borrowings under these Debentures will be within the prescribed limits as aforesaid. This private placement of Debentures is being made pursuant to the resolution of the Board of Directors passed at its meeting held on 22nd January, 2020 which has approved the placement of debentures uptoRs. 600 Crores. The same has been revalidated by the Board of Directors at their meeting held on 09, June 2020, Further pursuant to resolution passed by the shareholders of the Issuer at its Extra Ordinary General Meeting held on 17th March, 2020, the shareholders have approved the placement of Debentures upto Rs.600 crores during the financial year 2020-21.

The Company can carry on its existing activities and future activities planned by it in view of the existing approvals, and no further approvals from any Government authority are required by the Company to carry on its said activities.

The name and designation of the persons authorised vide the Board resolution dated 22nd January, 2020 and June 09, 2020 as required by NHB.HFC.NCD-DIR. 1 /CMD/2014 dated 19th March 2014 are given below:

Name	Designation
Mr. Manish Jaiswal	Managing Director & Chief Executive Officer
Mr. Ian Gerard Desouza*	Chief Financial Officer
Mr. Jaideep Sharma	Compliance Officer
Mrs. PritiSaraogi	Company Secretary
Mr. AtulTibrewal	Authorised Signatory
Mr. Ajay Tendulkar**	Authorised Signatory

*ceased to be Chief Financial Officer of the Company from the close of working hours on 30.06.2020.
**appointed as Chief Financial Officer of the Company w.e.f. 01.07.2020.

A. ISSUE DETAILS:

Security Name	MHFL Series 4 2020
Issuer	Magma Housing Finance Limited
Type of Instrument	Secured, Redeemable, Non-Convertible, Rated, Listed, Taxable NCDs in the nature of Debentures ("NCDs")
Type of Issue	Private Placement
Nature of Instrument	Secured
Issuance Mode	In Demat mode only
Trading Mode	In Demat mode only
Objects of the Issue	The proceeds of the Debentures shall be utilised by the Company for the purpose of onward lending, working capital purposes and loan repayments Issue proceeds will not be used for acquisition of land or for investing in Capital Markets or for the following purposes which are not eligible for bank finance: 1.Bills discounted / rediscounted by the Issuer - except for rediscounting of bills discounted by HFCs arising from sale of - (a) commercial vehicles (including light commercial vehicles), and (b)two wheeler and three wheeler vehicles, subject to the following conditions : • the bills should have been drawn by the manufacturer on dealers only; •the bills should represent genuine sale transactions as may be ascertained from the chassis / engine number; and • before rediscounting the bills, banks should satisfy themselves about the bona fides and track record of HFCs which have discounted the bills. 2. Investments of the Issuer both of current and long-term nature, in any company / entity by way of shares, debentures. 3.Unsecured loans / inter-corporate deposits by the Issuer to / in any company. 4.All types of loans and advances by the Issuer to their subsidiaries, group companies / entities. 5.Further lending to individuals for subscribing to Initial Public Offerings (IPOs) and for purchase of shares from secondary market. The proceeds of this Issue shall not be used for any purpose, which may be in contravention of the government/RBI/SEBI/other regulatory guidelines
Utilization of Issue Proceeds	The proceeds of the Debentures shall be utilised by the Company for the purpose of onward lending, working capital purposes and loan repayments Issue proceeds will not be used for acquisition of Land or for investing in Capital Markets and for purposes not eligible for Bank Finance: 1.Bills discounted / rediscounted by the Issuer - except for rediscounting of bills discounted by NBFCs arising from sale of - (a) commercial vehicles (including light commercial vehicles), and (b)two wheeler and three wheeler vehicles, subject to the following conditions : • the bills should have been drawn by the manufacturer on dealers only; •the bills should represent genuine sale transactions as may be ascertained from the chassis / engine number; and • before rediscounting the bills, banks should satisfy themselves about the bona fides and track record of NBFCs which have discounted the bills. 2. Investments of the Issuer both of current and long-term nature, in any

	company / entity by way of shares, debentures. 3.Unsecured loans / inter-corporate deposits by the Issuer to / in any company. 4.All types of loans and advances by the Issuer to their subsidiaries, group companies / entities. 5.Further lending to individuals for subscribing to Initial Public Offerings (IPOs) and for purchase of shares from secondary market. The proceeds of this Issue shall not be used for any purpose, which may be in contravention of the government/RBI/SEBI/other regulatory guidelines
Security	Debentures are secured by way of exclusive floating charge on receivables to the extent of 100% of principal amount of Debentures outstanding and interest thereon. The debentures would be secured as below by and under the debenture trust deed to be executed by the Company within 3 month of closure of issue between the company and the trustee, IDBI Trusteeship Services Ltd. If the Security Cover falls below 1.00 time on any account, including upon enforcement of the Hypothecated Assets to meet shortfall in payment of the coupon on the Debentures, the Company shall within 30 (thirty) Business Days of such occurrence, hypothecate further assets or such additional security as may be acceptable to the Debenture Trustee to maintain the Asset Cover. The company undertakes to execute the necessary documents for the creation of Charge, including the Debenture Trust Deed, within 3 months from the closure of the issue and the same would be uploaded on the website of the Stock exchange, within five working days of execution of the same.
Seniority	Senior
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Nil
Listing	Proposed to be listed on the Wholesale Debt Market Segment (WDM) of BSE
Trustees	IDBI Trusteeship Services Ltd
Credit Rating	[CARE AA-/ Negative] by CARE Ratings Limited
Credit Enhancement	Nil
Face Value	Rs. 10 Lakhs per NCD
Premium on issue	Nil
Discount on issue	Nil
Premium on redemption	Nil
Discount on redemption	Nil
Minimum Application	10 NCDs and in multiples of 1 NCD thereafter
Issue Size	Rs. 140 crore (Rupees One Hundred Forty Crore)
Coupon	8.48% p.a.
Coupon Payment Frequency	Yearly & at Maturity
Tenure	1 Year6 months
Redemption Date	February 18, 2022
Put Option	None

Put Option Price	Not Applicable
Put Option Date	Not Applicable
Put Notification Time	Not Applicable
Call Option	None
Call Option Price	Not Applicable
Call Option Date	Not Applicable
Call Notification Time	Not Applicable
Redemption/ Maturity Amount	At Par
Step Up Coupon Rate	None
Step Down Coupon Rate	None
Coupon Payment Frequency	Annual
Coupon Payment Dates	Mention in the Cash Flow statement given below
Coupon Type	Fixed
Coupon Reset	None
Day Count Basis	Actual/Actual
Issue Timing	
1. Issue Opening Date	August17, 2020
2. Issue Closing Date	August 17, 2020
3. Pay-in Date	August 18, 2020
4. Deemed Date of Allotment	August18, 2020
Default Interest Rate	2% (Two percent) over and above the Coupon Rate per annum, for the defaulting period, in the event the Issuer fails to make any payments of Interest and/or principal redemption to the Debenture Holders on their respective due dates.
Settlement Mode	Payment of interest and repayment of principal shall be made by way of cheque(s)/ credit through RTGS/ Electronic Fund Transfer or any other electronic mode offered by the Banks
Settlement Cycle for EBP	[T+1]
Depositories	NSDL
Registrar	Niche Technologies Private Limited
Valuer	Not Applicable
Business Day Convention	'Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai, Maharashtra and when the money market is functioning in Mumbai. If the date of payment of interest/redemption of principal does not fall on a Business Day, the payment of interest/principal shall be made in accordance with SEBI Circular CIR/IMD/DF-1/122/2016 dated November 11, 2016. If any of the Coupon Payment Date(s), other than the ones falling on the redemption date, falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day, which becomes the coupon payment date for that coupon. However, the future coupon payment date(s) would be as per the schedule originally stipulated at the time of issuing the debentures. In other words, the subsequent coupon payment date(s) would not be changed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a non-Business Day. If the redemption date of the NCDs falls on a day that is not a Business Day, the redemption amount shall be paid by the Issuer on the immediately preceding Business Day which becomes the new redemption date, along with interest accrued on the debentures until but excluding the date of such

	payment.
Record Date	The Record Date shall be 15 Calendar days prior to each coupon payment date / redemption date and/or the date of redemption or such other date as may be or a date notified by the Issuer to the Stock Exchanges, in accordance with the applicable law Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date
Investors who are eligible to apply	a) Banks and Financial Institutions b) FIIs c) Mutual Funds d) Insurance Companies e) Provident and Pension and Gratuity Funds f) Companies and Bodies Corporate including Public Sector Undertakings g) Individuals and Hindu Undivided Families h) Partnership Firms i) Any other investor authorized to invest in these debentures Applications can only be made by the applicants / Institutions to whom this offer is addressed.
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 1. Consent Letter from IDBI Trusteeship Services Ltd to act as Trustee to the NCDholders; Debenture Trusteeship Agreement~~;~~ 2. Letter appointing Niche Technologies Private Limitedas Registrar; 3. Memorandum and Articles of Association of the Issuer; 4. Board resolution authorizing issue of Debentures offered in terms of the Disclosure Document 5. Debenture Trust Deed; 6. Rating Letter from CARE Limited; 7. In principle approval letter from BSE Limited;
Issuer's Undertaking	The Issuer undertakes that it has executed/ shall execute the documents including but not limited to the following in connection with the Issue: Tripartite Agreement between the Issuer; Registrar and NSDL for issue of NCDs in dematerialized form;
Conditions precedent to subscription of NCDs	The Issuer represents and warrants to the Investor or its successors or assigns, prior to and upon the execution of the Transaction Documents/Agreement and at the time of issuance of the Debentures and at all time during the currency of the Transaction Documents, that: 1. The Issuer is duly incorporated, validly existing, and in good standing; 2. The Issuer is authorized to enter into the Transaction Documents, and the Transaction Documents are a valid and binding obligation of the Issuer enforceable in accordance with its terms; and the execution and performance of the Transaction Documents by the Issuer is lawful and does not constitute a default, acceleration or termination of any other agreement to which the Issuer is a party or breach of any judgment, decree, order or award. 3. All information provided by the Issuer to the Investor at any time is true, complete, and accurate, 4. The Issuer is the sole owner of all assets shown on the Issuer's financial statements delivered to the Investor save and except as stated in the said financial statements. 5. The Issuer is solvent and capable of paying its obligations as and when they become due.

	6. There is no material litigation including winding up proceedings or governmental proceeding pending against the Issuer and the Issuer is not aware of any such proceeding being threatened, which could impair the Issuer's net worth or ability to perform this Agreement. 7. The Issuer maintains and shall maintain accurate business and financial records and prepares and shall prepare its financial statements in accordance with generally accepted accounting principles. 8. In case the Issuer is a Company under the Companies Act, 1956 or Companies Act, 2013, as the case may be:- i. All corporate authorizations required for entering into the Transaction Documents and performing the transactions pursuant hereto have been obtained and are in full force and effect, and the Transaction Documents and all transactions pursuant hereto are and will be in accordance with all applicable provisions of law; 9. Obligation hereunder are not in conflict with any other obligations of the Issuer 10. The execution of Transaction Documents is binding on the Issuer and such executed documents are valid and admissible in evidence in the court of law. 11. There is no Material Adverse Change occurred or event of default has occurred or continuing with respect to the Issuer and no such event or circumstance would occur as a result of its executing the Transaction Documents or performance of any obligation there under. 12. The Investor or it's successors and assigns shall have a exclusive floating charge on the identified business loan receivables of our Company 13. The Issuer shall take appropriate measures and/or authorization to create Security in favour of the Trustees or its successors and assigns and avail the financial indebtedness. 14. The Issuer shall have good title to assets, to be provided as security.
Conditions subsequent to subscription of NCDs	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Private Placement Offer Letter: 1. Ensuring that the payment made for subscription to the NCDs is received from the bank account of the person/ entity subscribing to the NCDs and keep record of the bank accounts from where payments for subscriptions have been received. In case of subscription to the NCDs to be held by joint holders, application monies is received from the bank account of the person whose name appears first in the Application Form; 2. Maintaining a complete record of private placement offers in Form PAS-5; 3. Filing a return of allotment of NCDs with complete list of all NCD holders in Form PAS-3 under section 42 of the Companies Act, 2013, with the Registrar of Companies, Chennai on the Deemed Date of Allotment along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014; 4. Credit of demat account(s) of the allottee(s) by number of NCDs allotted within two working days from the Deemed Date of Allotment; 5. Making listing application to BSE and/ or NSE within 15 business days from the Deemed Date of Allotment of NCDs and obtain listing permission within 20 calendar days from the Deemed Date of Allotment of NCDs; Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in the Private Placement Offer Letter.
Covenants	**<u>Credit Rating Covenants:</u>** 1. If the long-term credit rating of the Debentures is downgraded from "AA-"to "A" by CARE Limited, the coupon rate would stand increased by 0.25% over and above the prevailing coupon rate

	immediately prior to such rating downgrade. Such enhanced coupon rate shall be applicable from the date of issue of the rating downgrade, by CARE, to the residual maturity of NCDs 2. If the long-term credit rating of the Debentures is downgraded to below "A" by CARE Limited, post the issuance of debentures and at any point of time during the currency of the NCDs, The Debenture holders would reserve the right to recall the outstanding principal amount on the NCDs (i.e redemption at par) along with other monies/accrued interest due in respect thereof. Such outstanding amount will be payable within a period of 30 days from the date of such notice of exercise of the right by the Debenture holders. **Additional Covenants:** 3. Security Creation: If the Company fails to execute the trust deed within three months of the closure of the issue, the Company shall also pay interest of 2% p.a. to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed or refund the subscription (ie. redemption at par) along with other monies/accrued interest due in respect thereof, at the option of the NCD holders; 4. Default in Payment: In case of default in payment of interest and/ or principal redemption on the due dates, the Company shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid. 5. Delay in Listing: The Company shall make listing application to BSE and/ or NSE within 15 days from the Deemed Date of Allotment of the NCDs and seek listing permission within 20 days from the Deemed Date of Allotment of NCDs. In case of delay in listing of the NCDs beyond 20 days from the Deemed Date of Allotment, the Company shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of NCDs to the NCD holder(s). The interest rates mentioned in above covenants shall be independent of each other. In case any of the "Covenants" is breached and continues breached for a period of 30 days from such breach coming to notice, the Primary NCD holder would reserve the right to recall the outstanding principal amount on the NCDs (ie. redemption at par) along with other monies/accrued interest due in respect thereof.
Event of Defaults	Occurrence of any of the following events constitutes an event of default with respect to the Issuer: (i) The Issuer shall fail to promptly pay any amount now or hereafter owing to the Investors as and when the same shall become due and payable; or (ii) If the Issuer fail to duly observe or perform any obligation under this agreement or under any agreement entered into by it in connection with any loans or other borrowings (including any kind of hybrid borrowing like FCCB , optionally convertible preference shares or bonds) availed of by the Issuer and the lender or investor concerned; or (iii) Breach of any of the key covenants, as specified above, which are not remedied within such period of time, if any, as the Debenture

	Trustee (acting on the instructions of the Majority Debenture Holders) may allow. (iv) Breach of any of the covenants (other than those mentioned in the trust deed, representations and warranties (including any representation or warranty is held to be untrue, incomplete, incorrect or misleading in material ("material adverse changes")form contained in the Transaction Documents which are not remedied within 15 days from the date of such breach. (v) the Issuer entering into any material arrangement or composition with his/her/its/their creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of the Issuer; (vi) execution or distress or other process being enforced or levied upon or against the whole or any part of the Issuer's property whether secured to the Investor or not; (vii) any order being made or a Resolution being passed for the winding up of the Issuer (except for the purpose of amalgamation or reconstruction with the prior approval of the Investor); (viii) a Receiver being appointed in respect of the whole or any part of the property of the Issuer; (ix) the Issuer being adjudicated insolvent or taking advantage of any law for the relief of insolvent debtors; (x) the Issuer ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so; (xi) Inability to pay debts, proceedings of winding up, or the Issuer's being declared or considered to be a sick company, or a relief undertaking or a protected company or a sick industrial company or a protected industrial company or otherwise, under any law, statute, rule, ordinance etc. which would have the effect of suspending or waiving all or any right against the Issuer or in respect of any contract or agreement concerning the Issuer, (xii) The passing of any order of a court ordering, restraining or otherwise preventing the Issuer from conducting all or any material part of its business; or (xiii) The cessation of business by or the dissolution, winding-up, insolvency or liquidation of the Issuer. (xiv) Events of default considered appropriate for the transaction of this nature including: 1. Breach of any of the covenants, representations and warranties. Cure period for (a) any breach of key covenants to be given at the sole discretion of the Investor, and (b) breach of any other covenants, representation and warranties to be cured within 30 days. 2. Failure to file a Form CHG 9 with the Registrar of Companies in form and substance required to perfect the Security within 30 days from the Date of Disbursement (or creation of security if creation is to happen later) 3. Security provided being invalid security or loss of lien on collateral 4. Unlawfulness or unenforceability of finance or security 5. Repudiation of any Transaction Document 6. Illegality for the Issuer to perform any of its obligations under the Transaction Document 7. The withdrawal, failure of renewal, or failure to obtain any statutory or regulatory approval in any relevant jurisdiction for the Debentures or any Security. 8. Representations or Warranties are found to be untrue or misleading when made or deemed to be made. 9. Cross default/ default with any other financial indebtedness of the Issuer. 10. The security cover falls below 1.00 times of the Outstanding principal Amount and interest thereon at any time during the

	currency of the Debentures and if the Issuer fails to reinstate to 1.00 times within 30 working days. On the question whether any of the acts, matters, events or circumstances mentioned in sub-clauses (i) to (xi) and (xiii) above have happened, the opinion of the Trustee in concurrence with majority debenture holders shall be final and conclusive and be binding on the Issuer.
Cross Default	If any other indebtedness of the Issuer to any other lender exceeding Rs. 100 Crores (Rupees One Hundred Crores Only) is not paid when due and the same is declared as an event of default by that lender.
Role and Responsibilities of Trustees	The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the NCDs and shall further conduct itself, and comply with the provisions of all applicable laws. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.
Type of Bidding	Closed bidding
Manner of Allotment	Uniform – yield
Mode of Settlement	ICCL
Approvals	The Issuer agrees to comply with all applicable rules and regulations in respect of the transaction. The Issuer will be responsible for taking all necessary authorization and / or approvals internal, external regulatory, statutory or otherwise
Governing Law and Jurisdiction	The NCDs are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Mumbai, Maharashtra

Illustration of NCDs Cash Flows:

Name of the Company	Magma Housing Finance Ltd
Face Value (per security) (in Rs.)	Rs.10,00,000 (Rupees Ten Lakhs) per NCD
Issue Date	August17, 2020
Deemed Date of Allotment	August 18, 2020
Tenure	1 Year & 6 Months
Redemption Date	February 18, 2022
Put Option Date	N.A
Coupon Rate(%)	8.48% p.a.
Frequency of the Interest Payment	Annually
Day count Convention	Actual/Actual

Notes: The Company reserves the right to change the Series timetable. The Company reserves the right to further issue debentures under aforesaid series / ISIN.

Illustrative Cash Flow:

Cash Flow	Due Date of Payment	Date of Payment	No. of days for coupon period	Amount in Rs.
Allotment Date	Tuesday, August 18, 2020		-	
1st Coupon	Wednesday, August 18, 2021	Wednesday, August 18, 2021	365	118,720,000
2nd Coupon	Friday, February 18, 2022	Friday, February 18, 2022	184	59,847,890
Redemption of Principal	Friday, February 18, 2022	Friday, February 18, 2022	-	1,400,000,000

B. Object & Utilization of the Issue Proceeds

The company proposes to raise Rs. 140 crores through the issue of Secured Redeemable Non-Convertible debentures of face value of Rs. 10 lakhs each, by way of private placement as per the terms and conditions. The current borrowing program will be used for lending business of the company and/or to augment the long term working capital needs of the Company and/or repayment of existing debt of the company.

The net proceeds from the Issue shall not be used for any purpose which is in contravention of the NHB guidelines applicable to HFCs.

No part of the proceeds of the NCDs would be utilized by the Issuer directly/indirectly towards capital markets and real estate purposes. Hence the subscription to the current NCD issue would not be considered /treated as a capital market exposure. Further none of the proceeds from the issue of the Debentures may be used to refinance or reschedule existing indebtedness of a client (including debt to equity conversions).

We shall only issue debentures for deployment of funds on our own balance sheet and not to facilitate resource requests of group entities/ parent company / associates.

We shall not extend loans against the security of our own debentures.

The expenses of the present Issue would also be met from the proceeds of the Issue. The Main Object Clause of the Memorandum of Association of the Company enables it to undertake the activities for which the funds are being raised through the present issue and also the activities, which the Company has been carrying on till date. The Proceeds of this Issue after meeting all expenses of the Issue will be used by the Company for meeting issue objects.

C. Name of Debenture Trustee

The Company has appointed **IDBI Trusteeship Services Limited** a SEBI approved Trust Management Company as the agent and trustees for and on behalf of the Debenture holders. The address and contact details of the Trustees are as under:

IDBI Trusteeship Services Limited
RegdOffice Asian Building, Ground Floor,
17, R. KamaniMarg, Ballard Estate,
Mumbai – Maharastra – 400 001
Tel: (022) 4080 7000; Fax: 91-22-6631 1776
E-mail: itsl@idbitrustee.com

IDBI Trusteeship Services Limited has given its written consent for its appointment as Debenture Trustee to the Issue under regulation 4 (4) of the SEBI Debt Listing Regulations and inclusion of its name in the form and context in which it appears in this Offer Document and in all the subsequent periodicalcommunications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in Annexure II of this Offer Document.

Role and Responsibilities of Debenture Trustee

The Company will enter into a Trustee Agreement/Trust Deed, inter-alia, specifying the powers, authorities, responsibilities and obligations of the Company and the Trustees in respect of the Debentures.

D. Rating Rationale and Credit Rating Letter Adopted by Rating Agencies

"CARE AA-" (pronounced double AA minus) by CARE Ratings Ltd. for Rs. 200 crores vide letters dated 5th August2020&Rs. 50 Crore vide letter dated August 13, 2020, Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The rating letters are enclosed as Annexure I of this Disclosure Document.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

The Issuer reserves the right to obtain an additional credit rating at any time during the tenure of the NCDs from any SEBI registered Credit Rating Agency for full or part of the issue size, as it may deem fit, which shall be at least equivalent to the prevailing credit rating to the issue.

Also the Issuer reserves the right to substitute the prevailing Credit Rating to the Issue, with a credit Rating which shall be at least equivalent to the prevailing credit rating to the issue, by an alternative SEBI registered Credit Rating Agency, for full or part of the issue size, subject to the prevailing relevant regulation/rules, etc. However before exercising any such right, the Issuer shall seek consent from the Debenture Trustee. The Debenture Trustee to issue a consent in this regard, shall seek written or electronic instructions from the Debenture Holder(s) and only upon receipt of relevant instructions from the three fourth of the prevailing debenture holders of the outstanding NCDs

a) DETAILS/COPY OF GUARANTEE LETTER OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, IF ANY

Not Applicable

b) Consent Letter from the Trustee
The consent letter is enclosed as **Annexure II** of this Disclosure Document

c) Names of all the recognised stock exchanges where the debt securities are proposed to be listed.
The NCDs are proposed to be listed on the Wholesale Debt Market (WDM) segment of the BSE Limited. BSE Limited shall be the Designated Stock Exchange.

The Company shall forward the listing application to the BSE Limited within the 15 days from the deemed date of allotment(s).

In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest of 2 % p.a. over the coupon rate from the expiry of 20 days from the deemed date of allotment till the listing of such debt securities to the investor.

E. OTHER DETAILS:

a) DEBENTURE REDEMPTION RESERVE (DRR)
In accordance with notification dated 18th June 2014 issued by the ministry of corporate affairs, the Company is not required to create DRR for privately placed Debentures. Therefore, No Debenture Redemption Reserve is being created for the issue of NCDs in pursuance of this Document.

b) Minimum Subscription for overall issue

In terms of clarifications issued by SEBI (Ref. No. SEBI/MRD/SE/AT46/2003) dated 22nd December 2003, the minimum subscription clause is not applicable to privately placed debt securities.

c) Minimum Subscription/ Minimum Ticket size for single investor

The minimum subscription amount for a single investor shall be 10 debentures and in multiples of 1 debenture thereafter in compliance of notification issued by National Housing Bank vide No: NHB.HFC.NCD-DIR. 2 /CMD/2015 dated 13th March 2015.

d) Issuer Schedule

Each series of debentures offered pursuant to this schedule shall be subject to the terms and conditions pertaining to debentures outlined hereunder as modified /supplemented by the terms of the respective term sheets filed with the stock exchange in relation to such series and other documents in relation to such issuance. The terms and conditions contained in this schedule may be read in conjunction with the provisions (as may be mutual agreed between the issuer and the debenture holders from time to time) contained in the respective term sheet(s).

e) Deemed Date of Allotment

Interest on Debentures shall accrue to the Debenture holder(s) from and including the deemed date of allotment that will be notified in the term sheet. All benefits relating to the Debentures will be available to the investors from the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any prior notice and shall have a right to allot the Debentures in tranches / series which shall form the part of this Issue. In case if the issue closing date is changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Company at its sole and absolute discretion.

f) Underwriting

The present Issue of Debentures is on private placement basis and has not been underwritten.

g) Status of NCDs

The NCDs shall be secured, redeemable, non-convertible debentures each having a face value of Rs. 10,00,000 (Rupees Ten Lakhs only) and not exceeding the aggregate principal amount up to Rs. 125crores for cash at par, in a dematerialized form, on a private placement basis, for the purpose of augmenting the long term working capital needs of the Company and for general corporate purposes in accordance with applicable law, pursuant to the provisions of the Companies Act, 1956 and the Companies Act, 2013, as may be applicable, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and amendment thereunder and the shareholders resolution of the Company at its EOGM dated 17th March 2020, authorizing borrowing of funds by way of issuing various series of secured/unsecured, redeemable, non - convertible debentures including subordinated debt in the nature of debentures, from time to time, for an aggregate amount not exceeding the limit of Rs. 600 crores.

h) Market Lot

The market lot shall be one NCD of face value of Rs. 10_Lakhs each ("Market Lot"). Since the NCDs are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of NCDs.

i) Interest on Application Money

Interest at the coupon rate as notified in the term sheet (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactments thereof, as applicable) will be paid to all the applicants on the application money for the Debentures. Such interest shall be paid from the date of realisation of cheque(s)/ demand draft(s)/ RTGS upto one day prior to the Date of Allotment. The interest on application money will be computed on an Actual/Actual basis. Such interest would be paid on all the valid applications. Where pay-in-Date and Deemed date of Allotment are same, no interest on Application money is to be paid.

Where the entire or Part subscription amount has been refunded, the interest at the respective coupon rate on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of debentures than applied for, the excess amount paid on application will be refunded to the applicant along with the interest at the respective coupon rate on refunded money.

The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by the Company within 15 days from the Deemed Date of Allotment by registered post to the sole/ first applicant, at the sole risk of the applicant.

j) <u>Interest on NCDs</u>

The Debentures shall carry interest at the rate of as per term sheet (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Company) payable to the holders of Debentures (the "Holders" and each, a "Holder") as of the relevant Record Date. The interest payable on any Interest Payment Date will be paid to the Debenture holder(s) whose names appear in the List of Beneficial Owners given by the Depository to the Company as on the Record Date.

The first interest period is defined as the actual number of days falling between the Deemed Date of Allotment to one day prior to the next interest payment date.The second and subsequent interest period (except the last interest period) is defined as the actual number of days in a year between the last interest payment date till one day prior to next interest payment date. The last interest period is defined as the actual number of days falling till one day prior to the redemption date. The Interest payment would be made as per the terms specified in the Term Sheet.

If the interest payment date falls on a day which is not a Business Day ('Business Day' being a day means a day (other than a Saturday or Sunday) on which banks are open for business generally in Mumbai) then payment of interest will be made on the next working day without the interest for the intervening period.

In case the Deemed Date of Allotment is revised (pre-poned/ postponed) then the above Interest Payment Date may also be revised pre-poned/ postponed) accordingly by the Company at its sole & absolute discretion.

k) <u>Tax Deduction at Source</u>

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. Tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, must be lodged at the registered office of the Company or at such other place as may be notified by the company in writing, at least 30 calendar days before the interest payment dates.

Tax exemption certificate / document in respect of non-deduction of tax at source on interest on application money, must be submitted along with the Application Form.

l) <u>Debentures in Dematerialized Form</u>

The Company has finalized Depository Arrangements with National Securities Depository Limited (NSDLfor dematerialization of the Debentures. The investor has to necessarily hold the Debentures in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 (as amended from time to time). The normal procedures followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Applicants to mention their Depository Participant's name, DP-ID and Beneficiary Account Number/Client ID in the appropriate place in the Application Form. In case the depository arrangement is finalized before the completion of all legal formalities for issue of Debenture Certificates, Debentures to successful allottee(s) having Depository Account shall be credited to their Depository Account against surrender of Letter of Allotment.

Interest or other benefits with respect to the Debentures would be paid to those Debenture holders whose names appear on the list of beneficial owners given by the Depositories to the Issuer as on a record date/book closure date. The Issuer would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and informed to the Issuer where upon the interest/benefits will be paid to the beneficiaries within a period of 30 days.

m) <u>Transfer of Debentures</u>

Debentures shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Transfer of Debentures to and from NRIs/ OCBs, in case they seek to hold the Debentures and are eligible to do so, will be governed by the then prevailing guidelines of RBI. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the company.

Payment of Redemption

Each Debenture of face value of Rs. 10.00 lakhs each redeemable as specified in the term sheet.

The Debentures will not carry any obligation, for interest or otherwise, after the date of redemption. The Debentures held in the dematerialized form shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Debenture holders whose name appear in the Register of Debenture holders on the Record Date. Such payment will be a legal discharge of the liability of the Company towards the Debenture holders. On such payment being made, the Company will inform NSDLand accordingly the account of the Debenture holders with NSDLwill be adjusted.

In case if the principal redemption date falls on a day which is not a Business Day ('Business Day' means a day (other than a Saturday or Sunday) on which banks are open for business generally in Mumbai), then the payment due shall be made on the previous working day and the interest thereon shall be computed on actual day count upto the date of payment.

n) Right to Reissue Debenture(s)

Pursuant to the provisions of Section 68 and 70 of the Companies Act, 2013 read with rules, regulations, amendments in relation thereto, Company will have the power, exercisable at its absolute discretion from time to time to repurchase some or all the Debenture at any time prior to the specified date of maturity as per the prevailing guidelines/regulations of National Housing Bank and other Authorities. This right does not construe a call option. In the event of the Debenture being bought back, or redeemed before maturity in any circumstance whatsoever, the Company shall be deemed to always have the right, subject to the provisions of Section 121 of the Companies Act, 1956 and relevant provision of the Companies Act, 2013 as may be applicable to re-issue such Non-convertible debenture either by re-issuing the same Debenture or by issuing other Non-convertible debenture in their place.

The Company may also, at its discretion and as per the prevailing guidelines/regulations of National Housing Bank and other Authorities at any time purchase Non-Convertible Debenture at discount, at par or at premium in the open market. Such Non-Convertible Debenture may, at the option of Company, be cancelled, held or resold at such price and on such terms and conditions as the Company may deem fit and as permitted by Law. Pursuant to clause 6(3) of the Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 issued vide Notification No. NHB.HFC.NCD-DIR. 1 /CMD/2014 dated 19th March, 2014, no roll-over of non-convertible debentures is permitted.

o) Future Borrowings

The Company shall be entitled to make further issue(s) of debentures, raise further loans of advances and/or avail further deferred payment guarantees or other financial facilities from time to time from such persons/banks/financial institutions or body corporate/or any other agency on such terms and conditions as the Company may think appropriate, subject to the issuer maintaining the adequate security cover as agreed. However, until the Debentures are fully redeemed, the Company shall not create any further charge on the Securities offered under this Issue without the prior written approval of the Debenture Trustee.

p) Disputes and Governing Law

The Debentures shall be construed to be governed in accordance with Indian Law. The competent alone shall have jurisdiction in connection with any matter arising out of or under these precincts.

Over and above the aforesaid Terms and Conditions, the said Debentures shall be subject to the Terms and Conditions to be incorporated in the Debentures to be issued to the allottees and the Debenture Trust Deed/Trustee Agreement.

q) Trading of Debentures

The marketable lot of debentures shall be Rs. 10 lakhs per debenture. The same shall be tradable on the debt segment of Bombay Stock exchange.

r) List of Beneficial Owners

The Company shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

s) Succession

In the event of demise of the sole/first holder of the Debenture(s) or the last survivor, in case of joint holders for the time being, the Company will recognize the executor or administrator of the deceased Debenture holder, or the holder of succession certificate or other legal representative as having title to the Debenture(s). The Company shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, letter of administration wherever it is necessary, or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Company may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debenture(s) standing in the name of the deceased Debenture holder on production of sufficient documentary proof or indemnity.

1) Where a non-resident Indian becomes entitled to the Debenture by way of succession, the following steps have to be complied:
2) Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Debenture was acquired by the NRI as part of the legacy left by the deceased holder.

t) Disclosure Clause

In the event of default in the repayment of the principal and/or interest thereon on the due dates, the investors and/or the National Housing Bank/SEBI will have an unqualified right to disclose or publish the name of the borrower and its directors as defaulter in such manner and through such medium as the Investors and/or the National Housing Bank in their absolute discretion may think fit. Over and above the aforesaid Terms and Conditions, the said Debentures shall be subject to the Terms and Conditions to be incorporated in the Debenture Trust Deed/Trustee Agreement.

u) Registrars

Niche Technologies Private Limited is acting as Registrar and Transfer agents for the Company for debt instruments. Requests for registration of transfer, along with Debenture Certificates/Letters of Allotment and appropriate transfer documents should be sent to the Registrars. The transferee shall also furnish name, address and specimen signatures and wherever necessary, authority for purchase of Debentures. The Registrars after examining the adequacy and correctness of the documentation shall register the transfer in its books. However, as the NCDs are compulsory issued in demat mode, this may not be applicable.

v) Events of Default

Events of Default and Cross Default shall be as per Debenture Trust Deed entered into by the Issuer with Debenture Trustee.

w) Debenture holder not a Shareholder

The Debenture holders will not be entitled to any of the rights and privileges available to the shareholders. If, however, any resolution affecting the rights attached to the Debentures is placed before the members of the Bank, such resolution will first be placed before the Debenture holders for their consideration.

x) Modification of Rights

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated with the consent, in writing, of those holders of the Debentures who hold at least three fourth of the outstanding amount of the Debentures or with the sanction accorded pursuant to a resolution passed at a meeting of the

Debenture holders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Debentures, if the same are not acceptable to the Company.

y) **Abridged version of audited consolidated (wherever available) and standalone financial information (like profit & loss statement, balance sheet and cash flow statement) for at least last three years and auditor qualifications , if any.**

Attached as Annexure 1

z) **Abridged version of latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (like profit & loss statement, and balance sheet) and auditors' qualifications, if any.**

Attached as Annexure 1

aa) **Any material event/ development or change having implications on the financials/credit quality (e.g. Any material regulatory proceedings against the issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities.**

The Issuer Company hereby declares that there has been no material event, development or change at the time of issue which may affect the issue or the investor's decision to invest/ continue to invest in the debt securities of the Issuer Company.

bb) **Gross Debt: Equity Ratio of the Company as on 30th June, 2020:-**

Before the issue of debt Securities	4.58
After the issue of debt Securities	4.88

cc) **CONFLICT**

In case of any inconsistency where there is a conflict between the conditions as stipulated in this Offer Document and the Debenture Trust Deed, the provisions of the Debenture Trust Deed shall prevail and override the provisions of this Offer Document. The Issuer agrees, upon request in writing from the Debenture Trustee, to issue any supplement to this Offer Document and ensure that this is consistent with the terms and conditions set out in the Debenture Trust Deed.

dd) **APPLICATION PROCESS**

Mode of Subscription/ How to Apply

This being a Private Placement Offer, Investors who are established/ resident in India and who have been addressed through this communication directly only are eligible to apply.

All Application Forms, duly completed, together with cheque/ demand draft for the amount payable on application must be delivered before the closing date of the issue to the Issuer or to the Arranger to the Issue.

Applications for the Debentures must be in the prescribed form (enclosed) and completed in BLOCK CAPITAL LETTERS in English and as per the instructions contained therein.

Applications complete in all respects (along with all necessary documents as detailed in this Disclosure Document) must be submitted before the last date indicated in the issue time table or such extended time as decided by the Issuer, at any of the designated collection centers, accompanied by the subscription amount by way of RTGS credit in favour of the Issuer.

Notices

Any communication shall be by letter, sent by registered post, courier or fax:

The notices to the Debenture holder(s) required to be given by the Company or the Trustees shall be deemed to have been given if sent by registered post to the sole/first allottee or sole/first registered holder of the Debentures, as the case may be. All notices to be given by the Debenture holder(s) shall be sent by registered post or by hand delivery to Registrars or to such persons at such address as may be notified by the Company from time to time.

All transfer related documents, tax exemption certificates, intimation for loss of Letter of Allotment/Debenture(s), etc., requests for issue of duplicate debentures, interest warrants etc. and/or any other notices / correspondence by the Debenture holder(s) to the Company with regard to the issue should be sent by Registered Post or by hand delivery to the Registrar, or to such persons at such persons at such address as may be notified by the Company from time to time.

Communications will take effect in the case of a letter, when delivered, in the case of fax, when the relevant delivery receipt is received by the sender; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following Business Day in such place. Any communication delivered to any party under this Deed which is to be sent by fax will be written legal evidence.

Allotment Process:

The beneficiary account of the investor(s) with National Securities Depository Ltd. (NSDL) Depository Participant will be given initial credit within two working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Debenture Certificate.

Right to Accept or Reject Applications

The Company reserves it's full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The applicants will be intimated about such rejection along with the refund warrant, together with interest on application money, if applicable, from the date of realization of the cheque(s)/ demand drafts(s) till one day prior to the date of refund. The application forms that are not complete in all respects are liable to be rejected and such applicant would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

1. Number of debentures applied for is less than the minimum application size;
2. Applications exceeding the issue size;
3. Bank account details not given;
4. Details for issue of debentures in electronic/ dematerialized form not given; PAN not mentioned in appropriate place.
5. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Debenture(s) applied for is/ are not allotted in full, the excess application money of such Debentures will be refunded, as may be permitted.

Eligible Investors

The following categories of Investors, when specifically approached through issuance of an Offer Document along with the Application Form, are eligible to apply for this private placement of debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form:

1. Scheduled Commercial Banks;
2. Financial Institutions;
3. Insurance Companies;
4. Primary/ State/ District/ Central Co-operative Banks (subject to permission from RBI);
5. Regional Rural Banks;
6. Mutual Funds;
7. Companies, Bodies Corporate authorized to invest in Debentures;
8. Provident Funds, Gratuity, Superannuation & Pension Funds, subject to their Investment guidelines.
9. Trusts
10. Individuals
11. Foreign Portfolio Investors (FPIs);
12. Or any other investor category eligible to invest subject to current applicable rules, act, laws etc

Application not to be made by

1. Hindu Undivided Family (neither by the name of the Karta);
2. Partnership Firms or their nominees;
3. Overseas Corporate Bodies (OCBs);

4. Non Resident Indians (NRIs)

All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures

Private placement of debentures shall be restricted to not more than 49 investors identified upfront by the company for each issuance.

The following is an indicative list of documents to accompany any application:

Application by Banks/eligible Foreign institutional investors

The application must be accompanied by certified true copies of

(i) Board Resolution authorizing investment and containing operating instructions or letter of authorization, if applicable or Power of Attorney, if applicable
(ii) Copy of the PAN Card
(iii) Specimen signature of authorized signatories
(iv) Registration Certificate as may be applicable.

Application by Corporate Bodies/Eligible Financial institutions/Companies/Statutory Corporation/ Trust

The application must be accompanied by certified true copies of

(v) Memorandum and Articles of Association/Trust Deed / Proof of constitution as may be applicable
(vi) Copy of the PAN Card
(vii) Board Resolution authorizing investment and containing operating instructions
(viii) Specimen signature of authorized signatories
(ix) Necessary certificate for claiming exemption form deduction of tax at source on interest on application money

Application by Mutual Funds/ Insurance Companies

The application must be accompanied by certified true copies of

(x) SEBI /IRDA Registration certificate as may be applicable
(xi) Copy of the PAN Card
(xii) Authorised signatory list containing operating instructions along with Specimen signatures and power of attorney forwarded by the custodian of the Mutual Funds/ Insurance Companies
(xiii) Application form shall clearly indicate the name of the concerned scheme for which application is being made

Necessary forms for claiming exemption from deduction of tax at source on the interest income/ interest on application money, wherever applicable.

Applications under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signatures of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Company at its registered office.

In case of applications made under a Power of Attorney or by a Limited Company or a Body Corporate or Registered Society or Mutual Fund, and scientific and/or industrial research organisations or Trusts etc., the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form at the Company's branch where the application has been submitted, or at the office of the Registrars to the Issue after submission of the Application Form to the bankers to the issue or any of the designated branches as mentioned on the reverse of the Application

Form, failing which the applications are liable to be rejected. Such authority received by the Registrars to the Issue more than 10 days after closure of the subscription list may not be considered

Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them. The Issuer shall not be bound to verify compliance of such regulatory requirements and shall not be responsible/ liable for any contravention of such regulatory requirements by the Applicants.

Potential investors will be invited to subscribe to Debentures by way of the Application Form provided for in the Offer Document during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. Debentures will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

All applications for the Debenture(s) must be in the prescribed Application Form and be completed in block letters in English. The investor shall make the payment by way of an RTGS Transfer as below:

Beneficiary Name	**MAGMA HOUSING FINANCE LTD.**
Credit Account No.	33904430909
Bank	State Bank of India
Branch	Commercial Branch, 24 Park Street, Kolkata- 700016
Account Type	Current
IFSC Code	SBIN0007502

The Company is following the procedure laid down by SEBI vide its circular dated January 5, 2018 w.r.t. Electronic book mechanism for issuance of securities on private placement basis and as amended from time to time. The company is issuing debentures on private placement basis as per the said referred circular. The Company will use the electronic platform of BSE for the same. The investors too will have to bid according to the said circular. During the period of the issue, investors can subscribe to the Debentures by completing the application forms for the Debentures in the prescribed form. The application form should be filled in block letters in English. The bidding is taking place on BSE's platform, the payment should be credited in RTGS form to the Designated Bank Accounts of ICCL as under:

Beneficiary Name	Indian Clearing Corporation Limited		
Name of the Bank	ICICI Bank	Yes Bank	HDFC Bank
Account No.	ICCLEB	ICCLEB	ICCLEB
IFSC Code	ICIC0000106	YESB0CMSNOC	HDFC0000060
Mode	NEFT/RTGS	NEFT/RTGS	NEFT/RTGS

The Company will not be responsible in any manner for any delayed receipts / non-receipt of RTGS payments or applications lost in mail.

The application form will be made available along with the Offer Document.

ee) PAN/GIR Number

All Applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle / Ward / District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

ff) Signatures

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/Notary Public under his/her official seal.

gg) Nomination Facility

As per Section 109 A of the Companies Act, 1956 and other relevant provisions of the Companies Act, 2013, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Debentures shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 w.e.f. 25-05-16:

a) Name of the Bank declaring the entity as a Wilful Defaulter: Nil
b) The year in which the entity is declared as a Wilful Defaulter: Nil
c) Outstanding amount when the entity is declared as a Wilful Defaulter: Nil
d) Name of the entity declared as a Wilful Defaulter: Nil
e) Steps taken, if any, for the removal from the list of Wilful defaulters: Nil
f) Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions: Nil

F. DECLARATIONS BY THE DIRECTORS:

The Directors of the Company do hereby declare that:

g) the company has complied with the provisions of the Act and the rules made thereunder;

h) the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;

i) the monies received under the offer shall be used only for the purposes and objects indicated in the Offer Document;

I, the undersigned, am authorized by the Management Committee of the Board of Directors of the Company vide resolution dated 22.06.2020to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For Magma Housing Finance Limited

Priti Saraogi

Priti Saraogi
Company Secretary
Date: 13August 2020
Place: **Kolkata**

Name:
Father's Name:
Complete Address:
Phone number:
Email ID:
PAN:
Bank account details:

Signature of the Applicant

A) **ANNEXURE - I**

Abridged Version of the Audited Standalone Financial Information (Like Balance Sheet, Profit & Loss Account and Cash Flow Statement) for last 3 Years. [Note: Financial information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009/ uniform Listing Agreement dated October 13, 2015 (as amended from time to time)]

ANNEXURE – A

Balance Sheet

		As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
	ASSETS			
	Financial Assets			
(i)	Cash and cash equivalents	110.49	357.18	889.78
(ii)	Bank balances other than (i) above	5,881.24	2,058.19	-
(iii)	Loans	237,834.04	187,270.17	141,606.08
(iv)	Other financial assets	7,866.21	5,435.25	5,034.02
		251,691.98	195,120.79	147,529.88
	Non-financial Assets			
(i)	Current tax assets (net)	579.16	17.89	118.30
(ii)	Property, plant and equipment	126.28	70.73	44.82
(iii)	Capital work-in-progress	-	31.05	-
(iv)	Intangible assets under development	108.46	-	-
(v)	Other intangible assets	57.96	56.84	76.92
(vi)	Right of use assets	449.27	-	
(vii)	Assets held for sale	364.71	-	
(viii)	Other non-financial assets	1,989.56	981.72	661.03
		3,675.40	**1,158.23**	**901.07**
	Total Assets	**255,367.38**	**196,279.02**	**148,430.95**
	LIABILITIES AND EQUITY			
	LIABILITIES			
	Financial Liabilities			
(i)	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	539.21	478.94	348.38
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,339.94	973.85	770.09
(ii)	Debt securities	5,491.93	13,661.94	10,455.03
(iii)	Borrowings (other than debt securities)	182,848.31	115,658.45	92,407.09
(iv)	Subordinated liabilities	9,939.18	9,928.48	-
(v)	Lease liability	486.15	-	-
(vi)	Other financial liabilities	4,597.62	19,392.50	11,330.29

		205,242.34	**160,094.16**	**115,310.88**
B	**Non-financial Liabilities**			
(i)	Current tax liabilities (net)	-	95.71	280.00
(ii)	Provisions	98.47	67.38	51.29
(iii)	Deferred tax liabilities (net)	1,365.76	839.15	708.89
(iv)	Other non-financial liabilities	602.37	1,096.62	855.87
		2,066.60	**2,098.86**	**1,896.05**
	EQUITY			
(i)	Equity share capital	16,582.99	14,810.25	14,810.25
(ii)	Other equity	31,475.45	19,275.75	16,413.77
		48,058.44	34,086.00	31,224.02
	Total Liabilities and Equity	**255,367.38**	**196,279.02**	**148,430.95**

Profit & Loss Account

		Year ended	**Year ended**	**Year ended**
		31 March 2020	**31 March 2019**	**31 March 2018**
	Revenue from operations			
(i)	Interest income	30,553.18	22,342.04	19,816.24
(ii)	Fees and commission income	1,213.43	829.55	785.83
(iii)	Net gain on fair value changes	-	-	233.49
(iv)	Net gain on derecognition of financial instruments	3,074.39	979.51	2,281.48
	Total revenue from operations	**34,841.00**	**24,151.10**	**23,117.04**
	Other income	795.65	400.28	222.84
	Total income	**35,636.65**	**24,551.38**	**23,339.88**
	Expenses			
(i)	Finance costs	17,668.95	11,334.26	10,892.12
(ii)	Net loss on fair value changes	225.13	118.82	-
(iii)	Impairment on financial instruments	2,174.26	173.10	1,935.92
(iv)	Employee benefits expenses	6,997.57	5,099.81	3,381.41
(v)	Depreciation, amortisation and impairment	110.62	30.76	23.85
(vi)	Others expenses	3,031.56	3,094.35	1,917.42
	Total expenses	**30,208.09**	**19,851.10**	**18,150.72**
	Profit before tax	**5,428.56**	**4,700.28**	**5,189.16**
	Tax expense:			
(i)	Current tax	526.00	875.00	1,693.00
(ii)	Deferred tax	669.57	430.45	119.14
(iii)	Tax expense of earlier years	(31.85)	(6.68)	(2.39)
		1,163.72	**1,298.77**	**1,809.75**
	Profit for the year	**4,264.84**	**3,401.51**	**3,379.41**
	Other comprehensive income			
	(I) Items that will not be reclassified to profit or loss			
	(i) Remeasurement benefits of the defined	(1.01)	(19.78)	5.83

	benefit plans			
	(ii) Income tax relating to these items	0.44	7.20	(2.10)
		(0.57)	(12.58)	3.73
	(II) Items that will be reclassified to profit or loss			
	(i) Changes in fair valuation of financial assets	(653.63)	(931.31)	801.16
	(ii) Income tax relating to these items	142.52	293.03	(278.53)
		(511.11)	(638.28)	522.63
	Other comprehensive income	(511.68)	(650.86)	526.36
	Total comprehensive income for the year	3,753.16	2,750.65	3,905.77
	Earnings per equity share			
	Basic (₹)	2.87	2.30	2.28
	Diluted (₹)	2.82	2.27	2.28

Cash Flow Statement

	Particulars	**Year ended**	**Year ended**	**Year ended**
		31 March 2020	**31 March 2019**	**31 March 2018**
A.	**Cash flow from operating activities**			
	Profit before tax	5,428.56	4,700.28	5,189.16
	Adjustments for:			
	Depreciation and amortisation expense	110.62	30.76	23.85
	Interest on lease liability	52.28	-	-
	Net gain/(loss) on financial instruments at fair value through profit or loss	-	118.82	(233.49)
	Allowance for impairment loss	2,174.26	173.10	1,935.92
	Miscellaneous income	-	(251.63)	-
	Liability no longer required written back	-	(126.52)	(7.82)
	Expense on employee stock option scheme	219.28	111.33	-
	Operating profit before working capital changes	**7,985.00**	**4,756.14**	**6,907.62**
	Changes in working capital:			
	(Increase)/Decrease in loans	(53,389.46)	(46,767.81)	10,366.26
	(Increase) in other financial assets	(2,433.28)	(520.70)	(812.21)
	(Increase) in other non financial assets	(1,676.95)	(145.52)	(223.89)
	(Increase)/Decrease in held for sale assets	(364.71)	-	-
	Increase in trade and other payables	426.36	460.84	456.73
	Increase in other financial liabilities	(15,169.28)	8,971.02	6,580.40
	Increase/(Decrease) in other non financial liabilities	(494.25)	240.75	(493.37)
	Decrease in provisions	30.08	(3.69)	(15.71)
	Cash generated from/(used in) operating activities	**(65,086.49)**	**(33,008.97)**	**22,765.83**
	Income tax paid (net of refunds)	(1,151.13)	(952.20)	(1,377.16)
	Net cash generated from/(used in) operating activities (A)	**(66,237.62)**	**(33,961.17)**	**21,388.67**
B.	**Cash flow from investing activities**			
	Investment in bank deposits	(74,046.20)	(2,058.19)	

	Redemption of bank deposits	70,223.16	-	
	Purchase of property, plant and equipment, including CWIP and capital advances	(147.93)	(69.57)	(3.29)
	Investments in intangible assets and intangible assets under development (net)	(21.57)	-	(4.36)
	Net cash generated from/(used in) investing activities (B)	**(3,992.54)**	**(2,127.76)**	**(7.65)**
C.	**Cash flow from financing activities**			
	Proceeds from issue of equity shares including securities premium	10,000.00	-	-
	Proceeds from debt securities	-	6,500.00	-
	Repayment of debt securities	(7,500.00)	(4,000.00)	-
	Proceeds from borrowings other than debt securities	266,409.29	231,060.02	109,427.02
	Repayment of borrowings other than debt securities	(198,836.94)	(208,003.69)	(130,687.13)
	Payment of lease liability	(88.88)	-	-
	Loan received from holding company	57,000.00	35,000.00	-
	Loan repaid to holding company	(57,000.00)	(35,000.00)	-
	Proceeds from issue of subordinated debt	-	10,000.00	-
	Net Borrowings	0.00		
	Net cash generated from/(used in) financing activities (C)	**69,983.47**	**35,556.33**	**(21,260.11)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(246.69)**	**(532.60)**	**120.91**
	Cash and cash equivalents at the beginning of the year	357.18	889.78	768.87
	Cash and cash equivalents at the end of the year	110.49	357.18	889.78
	Components of cash and cash equivalents:			
	Cash on hand	0.40	0.40	0.40
	Balances and deposits with banks	110.09	356.78	889.38
		110.49	357.18	889.78

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Independent Auditor's Report

To the Members of Magma Housing Finance Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Magma Housing Finance Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- COVID-19

4. We draw attention to Note 47 to the accompanying financial statements, which describes the uncertainty relating to the effects of COVID-19 pandemic on the Company's operations. Our opinion is not modified in respect of this matter.

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Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment losses on loans assets Refer Note 2(f) of significant accounting policies and Note 39 for credit risk disclosures. As at 31 March 2020, the Company has reported gross loan assets of ₹ 2,40,696.71 lacs against which an impairment loss of ₹ 2,882.97 lacs has been recorded. The calculation of impairment losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: ➢ If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. ➢ If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. ➢ If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days. The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to: ➢ determining the criteria for a significant increase in credit risk ➢ factoring in future economic assumptions ➢ techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, other historical data and macro-economic factors.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Ensured completeness and the appropriateness of data on which the calculation is based. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109 • Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the modelling process, validation of data and related approvals. • Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcement made by the RBI • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers including the impact of moratorium benefit extended to its customers in terms of the COVID-19 regulatory package announced by RBI on 27 March 2020. We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the latest collateral valuations in supporting the estimation of future cash flows and ,present value;

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Key audit matter	How our audit addressed the key audit matter
Considering the significance of the above matter to the overall financial statements and extent of management's estimates and judgements involved including compliance with the regulatory announcement of moratorium facility for certain customers, it required significant auditor attention. Therefore, we have identified this as a key audit matter for current year audit. We also draw attention to Note 47 of the accompanying financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2020, as the same is fundamental to the understanding of the users of financial statements.	• Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the accounting standard considering the impact of COVID-19 and moratorium announced by the RBI and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages; • Assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable • Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 39 "Financial risk management" disclosed in the accompanying financial statements in accordance with the applicable accounting standards.
Fair valuation of identified Loan Against Properties ("LAP") and Housing Loan ("HL") portfolio Refer Note 2(h) of significant accounting policies on financial instruments and Note 38 for disclosures. As at 31 March 2020, the Company's loan portfolio comprised of 'Loan against Properties' ('LAP') amounting to ₹ 83,067.62 lacs and Housing Loans' ('HL') amounting to ₹ 154,887.28 lacs which are 34.51% and 64.35% of the total loan portfolio of the Company respectively. The fair value of the Company's aforesaid portfolio is determined by applying valuation techniques which often involve exercise of judgement by the valuer and use of assumptions, estimates and valuation models. The fair value involves highly uncertain estimates where significant valuation inputs are unobservable inputs, i.e. based on "Level 3 inputs". Management has carried out the portfolio valuations in order to arrive at the fair value using income method wherein the future cash flows have been discounted at an arm's length interest rate for similar loans. The arm's length interest rate has been determined by computing the weighted average interest rate charged by the Company	Our procedures in relation to valuation assessment for loan against properties included, but were not limited to the following: • Assessed and tested the design and operating effectiveness of the key controls over the accuracy of the key inputs and assumptions considered for valuation of LAP and HL portfolio. Further, examined and evaluated the controls over the use of unobservable inputs. • Assessed the valuation methodology adopted by the management's valuation expert to understand the assumptions used in the valuation approach where in the future cash flows have been discounted. • Involved our valuation experts for assisting in testing the valuations conducted by the management and assessment of appropriateness of management judgements and assumptions.

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Key audit matter	How our audit addressed the key audit matter
for new loans disbursed under each customer category (including a separate category of high credit customers) based on independent assessment of the credit risk of the customers and the overall market environment.	• Assessed the appropriateness of valuation methodology adopted, discount rate applied, long-term growth rate considered by benchmarking against available independent data, including reasonableness of expected cash flows considered by the management in light of the impact of COVID-19 pandemic and tested the reconciliation of input data used in the cash flow forecasts to supporting evidence, such as approved budgets and considering the reasonableness of those budgets.
Considering the significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the future cash flows which are used in the fair valuation methodology, we have determined fair valuation of LAP and HL portfolio as a key audit matter for the current year audit.	• Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 38 "Fair Value measurements" disclosed in the financial statements in accordance with the applicable accounting standards.
Information Technology system for the financial reporting process: The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations. Further, the Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements, we have determined the same as a key audit matter for current year audit.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting. • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • Tested IT general controls particularly, logical access, change management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy. • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

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Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

8. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. 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 paragraphs 3 and 4 of the Order.

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18. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, 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 purpose of our audit of the accompanying financial statements;

    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 financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

    e) the COVID-19 matter described in paragraph 4 under the Emphasis of Matter section, in our opinion, may have an adverse effect on the functioning of the Company;

    f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

    g) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 09 June 2020 as per Annexure B expressed unmodified opinion; and

    h) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 51 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2020;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Manish Gujral
Partner
Membership No:105117

UDIN No:20105117AAAACG5584

Place: Mumbai
Date: 09 June 2020

Annexure A to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited on the financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'property, plant and equipment') are held in the name of the Company.

(ii) The Company is a housing finance company, primarily engaged in the business of lending for housing loans and does not hold any inventories. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has granted secured loan to a party covered in the register maintained under section 189 of the Act, and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such party.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, except for delays in the range of 213 days to 517 days with respect to deposit of professional tax with appropriate authorities due to pending registration. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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Annexure A (Contd)

(b) The dues outstanding in respect of income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount paid under protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	80.72	12.00	2005-06 to 2008-09	CESTAT, Chennai

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the Company has applied the term loans for the purposes for which these were raised.

(x) According to the information and explanations given to us, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

Manish Gujral
Partner
Membership No:105117

UDIN No:20105117AAAACG5584

Place: Mumbai
Date: 09 June 2020

Chartered Accountants

Annexure B to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited on the financial statements for the year ended 31 March 2020

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Magma Housing Finance Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements .

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure B (Contd)

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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Manish Gujral
Partner
Membership No:105117

UDIN No: 20105117AAAACG5584

Place: Mumbai
Date: 09 June 2020

Magma Housing Finance Limited
Balance Sheet as at 31 March 2020
(All amounts in ₹ lacs, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial Assets			
(i) Cash and cash equivalents	3	110.49	357.18
(ii) Other bank balances	4	5,881.24	2,058.19
(iii) Loans	5	237,834.04	187,270.17
(iv) Other financial assets	6	7,866.21	5,435.25
		251,691.98	**195,120.79**
Non-financial Assets			
(i) Current tax assets (net)	7	579.16	17.89
(ii) Property, plant and equipment	8	126.28	70.73
(iii) Capital work-in-progress		-	31.05
(iv) Intangible assets under development		108.46	-
(v) Other intangible assets	9	57.96	56.84
(vi) Right of use assets	10	449.27	-
(vii) Assets held for sale	11	364.71	-
(viii) Other non-financial assets	12	1,989.56	981.72
		3,675.40	**1,158.23**
Total Assets		**255,367.38**	**196,279.02**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
(i) Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	539.21	478.94
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,339.94	973.85
(ii) Debt securities	14	5,491.93	13,661.94
(iii) Borrowings (other than debt securities)	15	182,848.31	115,658.45
(iv) Subordinated liabilities	16	9,939.18	9,928.48
(v) Lease liabilities	10	486.15	-
(vi) Other financial liabilities	17	4,597.62	19,392.50
		205,242.34	**160,094.16**
Non-financial Liabilities			
(i) Current tax liabilities (net)	18	-	95.71
(ii) Provisions	19	98.47	67.38
(iii) Deferred tax liabilities (net)	20	1,365.76	839.15
(iv) Other non-financial liabilities	21	602.37	1,096.62
		2,066.60	**2,098.86**
EQUITY			
(i) Equity share capital	22	16,582.99	14,810.25
(ii) Other equity	23	31,475.45	19,275.75
		48,058.44	**34,086.00**
Total Liabilities and Equity		**255,367.38**	**196,279.02**

Notes 1 to 53 form an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration no : 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place : Mumbai
Date : 09 June 2020

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Sanjay Chamria
Chairman
(DIN: 00009894)

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Priti Saraogi
Company Secretary

Place : Kolkata
Date : 09 June 2020

Ian Gerard Desouza
Chief Financial Officer

Place : Mumbai
Date : 09 June 2020

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Magma Housing Finance Limited
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in ₹ lacs, unless otherwise stated)

		Note	Year ended 31 March 2020	Year ended 31 March 2019
	Revenue from operations			
(i)	Interest income	24	30,553.18	22,342.04
(ii)	Fees and commission income	25	1,213.43	829.55
(iii)	Net gain on derecognition of financial instruments	26	3,074.39	979.51
	Total revenue from operations		34,841.00	24,151.10
	Other income	27	795.65	400.28
	Total income		35,636.65	24,551.38
	Expenses			
(i)	Finance costs	28	17,668.95	11,334.26
(ii)	Net loss on fair value changes	29	225.13	118.82
(iii)	Impairment on financial instruments	30	2,174.26	173.10
(iv)	Employee benefits expenses	31	6,997.57	5,099.81
(v)	Depreciation, amortisation and impairment	32	110.62	30.76
(vi)	Others expenses	33	3,031.56	3,094.35
	Total expenses		30,208.09	19,851.10
	Profit before tax		5,428.56	4,700.28
	Tax expense:			
(i)	Current tax	34	526.00	875.00
(ii)	Deferred tax		669.57	430.45
(iii)	Tax expense of earlier years		(31.85)	(6.68)
			1,163.72	1,298.77
	Profit for the year		4,264.84	3,401.51
	Other comprehensive income			
	(I) Items that will not be reclassified to profit or (loss)			
	(i) Remeasurement benefits of the defined benefit plans		(1.01)	(19.78)
	(ii) Income tax relating to these items		0.44	7.20
			(0.57)	(12.58)
	(II) Items that will be reclassified to profit or (loss)			
	(i) Changes in fair valuation of financial assets		(653.63)	(931.31)
	(ii) Income tax relating to these items		142.52	293.03
			(511.11)	(638.28)
	Other comprehensive income		(511.68)	(650.86)
	Total comprehensive income for the year		3,753.16	2,750.65
	Earnings per equity share			
	Basic (₹)	35	2.87	2.30
	Diluted (₹)		2.82	2.27

Notes 1 to 53 form an integral part of these financial statements

This is the Statement of Profit & Loss referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration no : 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place : Mumbai
Date : 09 June 2020

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Sanjay Chamria
Chairman
(DIN: 00009894)

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Priti Saraogi

Priti Saraogi
Company Secretary

Place : Kolkata
Date : 09 June 2020

Ian Gerard Desouza
Chief Financial Officer

Place : Mumbai
Date : 09 June 2020

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

Magma Housing Finance Limited
Statement of Cash flows for the year ended 31 March 2020
(All amounts in ₹ lacs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flow from operating activities		
Profit before tax	5,428.56	4,700.28
Adjustments for:		
Depreciation and amortisation expense	110.62	30.76
Interest on lease liability	52.28	-
Net loss on financial instruments at fair value through profit or loss	225.13	118.82
Allowance for impairment loss	2,174.26	173.10
Miscellaneous income	-	(251.63)
Liability no longer required written back	-	(126.52)
Expense on employee stock option scheme	219.28	111.33
Operating profit before working capital changes	8,210.13	4,756.14
Changes in working capital:		
(Increase) in loans	(53,389.46)	(46,767.81)
(Increase) in other financial assets	(2,658.41)	(520.70)
(Increase) in other non financial assets	(1,676.95)	(145.52)
(Increase) in held for sale assets	(364.71)	-
(Increase) in other bank balances	(3,823.04)	(2,058.19)
Increase in trade and other payables	426.36	460.84
Increase/(Decrease) in other financial liabilities	(15,169.28)	8,971.02
Increase/(Decrease) in other non financial liabilities	(494.25)	240.75
Increase/(Decrease) in provisions	30.08	(3.69)
Cash (used in) operating activities	(68,909.53)	(35,067.16)
Income tax paid (net of refunds)	(1,151.13)	(952.20)
Net cash (used in) operating activities (A)	(70,060.66)	(36,019.36)
B. Cash flow from investing activities		
Purchase of property, plant and equipment, including CWIP and capital advances	(147.93)	(69.57)
Investments in intangible assets and intangible assets under development (net)	(21.57)	-
Net cash (used in) investing activities (B)	(169.50)	(69.57)
C. Cash flow from financing activities*		
Proceeds from issue of equity shares including securities premium	10,000.00	-
Proceeds from debt securities	-	6,500.00
Repayment of debt securities	(7,500.00)	(4,000.00)
Proceeds from borrowings other than debt securities	266,409.29	231,060.02
Repayment of borrowings other than debt securities	(198,836.94)	(208,003.69)
Payment of lease liability	(88.88)	-
Loan received from holding company	57,000.00	35,000.00
Loan repaid to holding company	(57,000.00)	(35,000.00)
Proceeds from issue of subordinated debt	-	10,000.00
Net cash generated from financing activities (C)	69,983.47	35,556.33
Net (decrease) in cash and cash equivalents (A+B+C)	(246.69)	(532.60)
Cash and cash equivalents at the beginning of the year	357.18	889.78
Cash and cash equivalents at the end of the year	110.49	357.18
Components of cash and cash equivalents:		
Cash on hand	0.40	0.40
Balances and deposits with banks	110.09	356.78
	110.49	357.18

* Refer note 44 for reconciliation of liabilities arising from financing activities

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".

This is the Statement of Cash Flows referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration no : 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place : Mumbai
Date : 09 June 2020

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Sanjay Chamria
Chairman
(DIN: 00009894)

Manish Jalswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Priti Saraogi

Priti Saraogi
Company Secretary

Place : Kolkata
Date : 09 June 2020

Ian Gerard Desouza
Chief Financial Officer

Place : Mumbai
Date : 09 June 2020

Magma Housing Finance Limited
Statement of changes in equity for the year ended 31 March 2020
(All amounts in ₹ lacs, unless otherwise stated)

A. Equity share capital

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the reporting year	14,810.25	14,810.25
Equity share capital issued during the year	1,772.74	-
Balance at the end of the reporting year	**16,582.99**	**14,810.25**

B. Other equity

Particulars	Reserve and Surplus				Other comprehensive income	Total
	Statutory Reserves	Securities Premium	Retained Earnings	Share option reserve account	Change in fair value of financial assets	
Balance as at 1 April 2018	3,710.00	-	12,459.83	-	243.94	16,413.77
Profit for the year	-	-	3,401.51	-	-	3,401.51
Items of other comprehensive income, net of tax:						
- Remeasurement of defined benefit plans (net of tax)		-	(12.58)		-	(12.58)
- Changes in fair value of financial assets (net of tax)	-	-	-	-	(638.28)	(638.28)
Transfer from retained earnings	690.00	-	(690.00)	-	-	-
Employee stock option (net)	-	-	-	111.33	-	111.33
Balance as at 31 March 2019	4,400.00	-	15,158.76	111.33	(394.34)	19,275.75
Profit for the year	-	-	4,264.84	-	-	4,264.84
Items of other comprehensive income, net of tax:						
- Remeasurement of defined benefit plans (net of tax)	-	-	(0.57)	-	-	(0.57)
- Changes in fair value of financial assets (net of tax)	-	-	-	-	(511.11)	(511.11)
Transfer from retained earnings	852.97	-	(852.97)	-	-	-
Issue of equity shares	-	8,227.26	-	-	-	8,227.26
Employee stock option (net)	-	-	-	219.28	-	219.28
Balance as at 31 March 2020	5,252.97	8,227.26	18,570.06	330.61	(905.45)	31,475.45

Notes 1 to 53 form an integral part of these financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration no : 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place : Mumbai
Date : 09 June 2020

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Priti Saraogi
Company Secretary

Place : Kolkata
Date : 09 June 2020

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Sanjay Chamria
Chairman
(DIN: 00009894)

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Ian Gerard Desouza
Chief Financial Officer

Place : Mumbai
Date : 09 June 2020

Magma Housing Finance Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

1. BACKGROUND:

Magma Housing Finance Limited ("MHF", or, "the Company") was incorporated on 21 April 2004 under the provisions of Companies Act, 1956, to carry on the business of housing finance in India. The Company was registered as a non-deposit taking housing finance company with the National Housing Bank ("NHB") in October 2004. The Company commenced business operations in November 2004. The Company is domiciled in India and its registered office is situated at 24, Park Street, Development House Kolkata – 700 016.

2. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:

a) Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act 2013 ("the Act"), read together with Companies (Indian Accounting Standards) Rules, 2016 (as amended), the provisions of the Act (to the extent notified and applicable) and the directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 (as amended) ("the NHB guidelines") issued by the NHB.

The Company has uniformly applied the accounting policies for all the periods presented in these financial statements. The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value.

b) Property, Plant and Equipment

Recognition and initial measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent measurement (depreciation method, useful lives and residual value)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on each part of an item of property, plant and equipment is provided using the straight line method based on the useful life of the asset as prescribed in Schedule II of the Companies Act 2013. Depreciation is calculated on a pro-rata basis from the date of installation till date the assets are sold or disposed. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

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

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Magma Housing Finance Limited

De-recognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of profit and loss when the item is derecognized.

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses to acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.

c) Intangible assets

Measurement at recognition:

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment cost, if any.

Subsequent measurement (amortisation method, useful lives and residual value)

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. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

De-recognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of profit and loss when the asset is derecognized.

Intangible assets under development

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost. Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. These are recognised as assets when the Company can demonstrate following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The Company intends to and has sufficient resources to complete the project
- The Company has the ability to use or sell such intangible asset
- The asset will generate probable future economic benefits.

Amortisation of the asset begins when development is complete and the asset is available for use.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Magma Housing Finance Limited

d) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If, at the reporting 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. Impairment losses previously recognized are accordingly reversed in the Statement of profit and loss.

e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Subsequent measurement

Financial instruments at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Magma Housing Finance Limited

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortized cost or as FVOCI, is classified as at FVTPL.

Subsequent measurement

After initial measurement, such financial assets are subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL'), depending on the contractual cash flow characteristics of the financial assets and the Company's business model for managing the financial assets.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Subsequently, financial liabilities are classified either as fair value through profit or loss or amortised cost, as appropriate.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in Statement of profit and loss.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Magma Housing Finance Limited

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

f) Impairment of Financial Assets

The Company recognises impairment allowances using Expected Credit Loss ("ECL") method on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.

- Financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows
- undrawn loan commitments – as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive

Loss allowances for financial assets are deducted from the gross carrying amount of the assets.

Recovery from bad debts written off is recognized in the Statement of profit and loss on actual realization from customers.

Write-off

Financial assets are written off/fully provided for when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.
However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of profit or loss.

g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Fair value of financial instruments

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

i) Revenue recognition

Interest income:

Interest income from financial assets (assets on finance) is recognised on accrual basis using Effective Interest Rate ("EIR") method. The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset adjusted for upfront expenses and incomes attributable to the acquisition of the financial asset.

Interest income is recognized on EIR method on time proportion basis applied on the carrying amount of financial assets including credit impaired financial assets.

Additional interest/overdue interest/penal charges are recognised only when it is reasonable certain that the ultimate collection will be made.

Interest on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate.

Security Receipts

Fair value changes from security receipts is recognized in the Statement of profit and loss.

Fee and Commission Income

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts / agreement and when it is probable that the Company will collect the consideration.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such asset.

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Dividend income

Dividend is recognised when the right to receive the dividend is established by the reporting date.

In case of sale of non-performing asset, any excess or shortfall is recognised in line with Ind-AS and RBI guidelines. All other items of income are accounted for on accrual basis.

j) Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs are charged to the Statement of profit and loss on accrual basis as per the EIR method.

k) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income-tax Act, 1961 ("the IT Act"). Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the IT Act.
Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of profit and loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

l) Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

m) Cash and cash equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

n) Employee Benefits

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

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Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

a. Defined contribution plans:

Defined contribution plans are provident fund scheme, employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans:

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of profit and loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

b. Defined benefits plans:

- Gratuity scheme:

'The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

'The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and such remeasurement gain/loss are not eligible to be reclassified to profit or loss account. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of profit and loss as past service cost.

Other long-term employee benefits:

Compensated absences:

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

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Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of profit and loss in the period in which such gains or losses are determined.

o) Share based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

p) Held for Sale

Assets repossessed by the Company under SARFASI Act, 2002 and identified for sale has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. The Company is committed to sell these assets and they are measured at the lower of their carrying amount and the fair value less costs to sell.

q) Leases

The Company has adopted Ind AS 116 - Leases with effect from 1 April 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application i.e, 1 April 2019. Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for offices. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset;

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and

(iii) the Company has the right to direct the use of the asset."

Recognition and initial measurement

At the lease commencement date, the Company recognises a right-of-use ("RoU") asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed

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payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in the in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

Presentation

Lease liability and RoU asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

r) Earnings per share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.
For the purpose of calculating diluted earnings per share, net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of providing financial services to customers in India.

t) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key sources of estimation uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- Note 30 - Impairment of financial instruments
- Note 38 - determination of the fair value of financial instruments with significant unobservable inputs
- Note 31 - measurement of defined benefit obligations: key actuarial assumptions
- Note 20 - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used
- Note 8 - determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised

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3 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Cash on hand	0.40	0.40
Balances with banks		
- In current accounts	110.09	356.78
	110.49	357.18

4 Other bank balances

In deposits with original maturity of less than 3 months*	-	2,058.19
In deposits with original maturity of more than 3 months**	5,881.24	-
	5,881.24	2,058.19

*Held as cash collateral for securitisation of receivables.
**Includes cash collateral for securitisation of receivables amounting to ₹ 4375.23 lacs (31 March 2019 : ₹ NIL)

5 Loans

	As at 31 March 2020			As at 31 March 2019		
	At Amortised Cost	At Fair Value Through other comprehensive income	Total	At Amortised Cost	At Fair Value Through other comprehensive income	Total
Loans						
(A)						
(i) Term loans*						
- Housing Loans**	2,741.81	154,887.28	157,629.09	124,927.52	-	124,927.52
- Loan against properties	-	83,067.62	83,067.62	-	64,633.44	64,633.44
(ii) Loans to staff	20.30	-	20.30	7.83	-	7.83
Total (A) -Gross	**2,762.11**	**237,954.90**	**240,717.01**	**124,935.35**	**64,633.44**	**189,568.79**
Less: Impairment loss allowance	146.03	2,736.94	2,882.97	1,474.38	824.24	2,298.62
Total (A) - Net	**2,616.08**	**235,217.96**	**237,834.04**	**123,460.97**	**63,809.20**	**187,270.17**
(B)						
(i) Secured by tangible assets	2,741.81	219,113.72	221,855.53	124,927.52	64,633.44	189,560.96
(ii) Covered by government guarantee***	-	18,841.18	18,841.18	-	-	-
(iii) Unsecured	20.30	-	20.30	7.83	-	7.83
Total (B) - Gross	**2,762.11**	**237,954.90**	**240,717.01**	**124,935.35**	**64,633.44**	**189,568.79**
Less: Impairment loss allowance	146.03	2,736.94	2,882.97	1,474.38	824.24	2,298.62
Total (B) - Net	**2,616.08**	**235,217.96**	**237,834.04**	**123,460.97**	**63,809.20**	**187,270.17**
(C) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	2,762.11	237,954.90	240,717.01	124,935.35	64,633.44	189,568.79
Total (C) - Gross	**2,762.11**	**237,954.90**	**240,717.01**	**124,935.35**	**64,633.44**	**189,568.79**
Less: Impairment loss allowance	146.03	2,736.94	2,882.97	1,474.38	824.24	2,298.62
Total (C) -Net	**2,616.08**	**235,217.96**	**237,834.04**	**123,460.97**	**63,809.20**	**187,270.17**

* It includes loan given to related parties, for details refer note - 37
** It includes receivables towards insurance funded amounting to ₹ 5,552.22 lacs (31 March 2019 : ₹ 2,499.17 lacs).
*** GOI has issued a scheme on 10th August, 2019 to provide a one time partial credit guarantee to PSB for purchase of pooled assets of financially sound NBFC/HFC in order to provide them with liquidity. The Company has entered into a transaction under this scheme.
The Company has reassessed its business model and classified its housing loan portfolio from amortised cost to FVOCI from 1 July 2019. This is based on volume of direct assignment transaction undertaken. Consequently gain/loss on fair valuation has been recognised in other comprehensive income.

6 Other financial assets

	As at 31 March 2020	As at 31 March 2019
Receivables on assigned loans*	7,018.51	4,387.92
Security deposits	32.75	26.19
Security receipt(measured at FVTPL)	721.37	983.33
Others receivables	104.39	46.31
Total	**7,877.02**	**5,443.75**
Less: Impairment loss allowance	10.81	8.50
	7,866.21	5,435.25

*Represents present value of excess interest spread receivables on derecognised assets.

7 Current tax asset (net)

Advance income tax (net)	579.16	17.89
	579.16	17.89

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(All amounts in ₹ lacs, unless otherwise stated)

8 Property, plant and equipment

	Buildings	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost					
As at 01 April 2018	20.08	9.74	5.19	14.05	49.06
Additions	-	10.63	15.46	10.50	36.59
Disposals/adjustments	-	-	-	-	-
As at 31 March 2019	20.08	20.37	20.65	24.55	85.65
Additions for the year	-	29.12	13.88	29.23	72.23
Disposals/adjustments	-	-	-	-	-
Cost as at 31 March 2020	20.08	49.49	34.53	53.78	157.88
Accumulated Depreciation					
As at 31 March 2018	0.36	0.96	0.98	1.94	4.24
Depreciation charge for the year	0.36	4.30	3.47	2.55	10.68
Disposals/adjustments	-	-	-	-	-
As at 31 March 2019	0.72	5.26	4.45	4.49	14.92
Depreciation charge for the year	0.36	5.50	5.09	5.73	16.68
Disposals/adjustments	-	-	-	-	-
As at 31 March 2020	1.08	10.76	9.54	10.22	31.60
Net Block					
As at 31 March 2019	19.36	15.11	16.20	20.06	70.73
As at 31 March 2020	19.00	38.73	24.99	43.56	126.28

9 Intangible assets

	Computer software	Total
Cost		
As at 01 April 2018	96.53	96.53
Additions	-	-
Disposals/adjustments	-	-
As at 31 March 2019	96.53	96.53
Additions	21.57	21.57
Disposals/adjustments	-	-
As at 31 March 2020	118.10	118.10
Accumulated amortisation		
As at 31 March 2018	19.61	19.61
Amortisation for the year	20.08	20.08
Disposals/adjustments	-	-
As at 31 March 2019	39.69	39.69
Amortisation for the year	20.45	20.45
Disposals/adjustments	-	-
As at 31 March 2020	60.14	60.14
Net Block		
As at 31 March 2019	56.84	56.84
As at 31 March 2020	57.96	57.96

10 Leases

1) The Company incurs rental expense on account of its branches. Such rental expense was accounted in the previous year as operating lease under Ind AS 17 - Leases. Ind AS 116 - Leases has replaced Ind AS 17 and is effective from 1st April 2019. Accordingly such rental expense has been accounted under the new standard.

2) Particulars	As at 31 March 2020	As at 31 March 2019
i) Amortisation on Right of Use assets		
- Rental expense	73.49	-
ii) Interest expense on lease liability	52.28	-
iii) Total cash outflow for leases i.e., rent paid	88.88	-
iv) Additions to right of use assets	522.76	-
v) Right to use assets	449.27	-
vi) Lease liability	486.15	-
3) Bifurcation of rent paid into interest and principal portion		
Interest	36.60	-
Principal	52.28	-

11 Assets held for sale

	As at 31 March 2020	As at 31 March 2019
Assets held for sale (Refer note 11(a))	364.71	-
	364.71	

11 (a) The Company has obtained the following assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

	As at 31 March 2020	As at 31 March 2019
Properties	364.71	-
Total assets obtained by taking possession of collateral	364.71	

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12 Other non financial assets

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	1,588.35	557.01
Gratuity (excess of plan assets over obligation)	39.42	-
Capital advances	1.83	3.54
Balances with government authorities	359.96	421.17
Total	**1,989.56**	**981.72**

13 Payables

	As at 31 March 2020	As at 31 March 2019
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises [Refer note below]	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	539.21	478.94
Total	**539.21**	**478.94**
Other Payables		
Total outstanding dues of micro enterprises and small enterprises [Refer note below]	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,339.94	973.85
Total	**1,339.94**	**973.85**

Note : The Company has no dues to micro, small and medium enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2020 and 31 March 2019. 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 and has been relied upon by the Auditors.

14 Debt securities

	As at 31 March 2020	As at 31 March 2019
(Measured at amortised cost)		
Secured Redeemable non-convertible debentures [refer notes (a) & (b) below]	5,491.93	13,661.94
Total	**5,491.93**	**13,661.94**
Debt securities in India	5,491.93	13,661.94
Total	**5,491.93**	**13,661.94**

(a) Nature of security

250 number of debentures allotted in March 2019 are secured by exclusive first charge by way of hypothecation on the Company's book debts and loan instalments receivables along with pari -passu mortgage created over the immovable property situated at Barasat, Dist - 24 Parganas (N). All other debentures are secured by first charge ranking pari-passu on the Company's book debts and loan instalments receivables along with mortgage created over the immovable property situated at Barasat, Dist - 24 Parganas (N). The total asset cover is hundred percent or above of the principal amount of the said debentures.

(b) Terms of repayment for Secured redeemable non-convertible debentures

Number of Debentures	Face Value (₹ in lacs)	Month of Allotment	Month of Redemption	As at 31 March 2020	As at 31 March 2019
100	10	Mar-16	Mar-23	999.84	1,098.88
200	10	Mar-15	Mar-22	1,990.02	2,185.93
400*	10	Feb-19	Feb-21	-	4,039.52
250	10	Mar-19	Sep-20	2,502.07	2,501.74
350	10	Mar-15	Mar-20	-	3,835.87
				5,491.93	**13,661.94**

The above debentures carry interest rates ranging from 10.00% p.a. to 10.88% p.a. (31 March 2019: from 10.00% p.a. to 11.06% p.a.)
* The debentures have been issued in February 2019 for the tenor of 2 years. The same has been prepaid in February 2020.

15 Borrowings (other than debt securities)

	As at 31 March 2020	As at 31 March 2019
(Measured at amortised cost)		
(Secured)		
(a) Term loans (refer note (a)(i) & (b)(i) below)		
(i) from banks	79,149.87	58,560.55
(ii) from financial Institutions	29,401.10	-
(b) Securitisation liability (refer note (a)(ii) & (b)(ii) below)	35,737.00	16,648.57
(c) Loans repayable on demand (refer note (a)(iii) & (b)(iii) below) - from banks	38,560.34	30,605.76
(Unsecured)		
(d) Commercial papers (refer note (b)(iv) below)	-	9,843.57
	182,848.31	**115,658.45**
Borrowings in India	182,848.31	115,658.45
	182,848.31	**115,658.45**

(a) Nature of security

(i) All term loans from banks (except for three term loans which are secured by way of first charge ranking pari-passu over the entire current assets against the said term loan) are secured by way of exclusive charge over receivables arising out of assets financed against the said term loan.

(ii) Securitisation liability represents amounts received in respect of securitisation transactions (net of repayments & investment therein) as these transactions do not meet the derecognition criteria specified under Ind AS. These are secured by way of hypothecation of designated assets on finance receivables.

(iii) Cash credit facilities and working capital demand loans from banks are secured by way of first charge ranking pari-passu over the entire current assets, both present & future, including the entire book debts, loan instalments, receivables and underlying assets arising out of finance (except those assets exclusively financed by other loans) of the Company.

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15 Borrowings (other than debt securities) (cont'd)

(b) Terms of repayment

(i) Schedule of repayment for term loans from banks and financial institutions

Frequency	Repayment commencing from	Repayment Maturity month	No. of instalments	As at 31 March 2020	As at 31 March 2019
Monthly	Jan-20	Dec-29	116	29,085.45	-
Monthly	Apr-20	Mar-24	48	15,004.32	15,004.32
Monthly	Feb-20	Jan-24	46	7,133.72	-
Quarterly	Jun-18	Mar-25	20	3,552.11	4,257.69
Quarterly	Sep-17	Jun-24	17	3,029.09	3,739.81
Quarterly	Mar-20	Dec-23	15	14,075.10	-
Quarterly	Dec-20	Jul-24	16	9,978.32	-
Quarterly	Mar-21	Dec-24	16	9,963.51	-
Quarterly	Jun-19	Mar-23	12	5,670.00	7,547.61
Quarterly	Mar-20	Mar-22	8	4,420.90	4,957.29
Quarterly	Jun-17	Mar-21	4	2,525.45	5,044.82
Quarterly	Mar-17	Dec-20	3	3,789.91	8,826.15
Monthly	Aug-17	May-20	2	303.09	2,083.50
Quarterly	Jun-17	Mar-20	-	-	5,016.33
Quarterly	Sep-15	Jun-19	-	-	833.30
Half-Yearly	Jun-15	Dec-19	-	-	1,249.53
				108,550.97	58,560.55

The above term loans carry interest rates ranging from 9.30 % p.a. to 10.50 % p.a. (31 March 2019: from 9.00% p.a. to 12.50% p.a.)

(ii) Terms of maturity of securitisation liability

Maturity schedule	Interest rate range (p.a.) 31 March 2020	Interest rate range (p.a.) 31 March 2019	Amount as at 31 March 2020	Amount as at 31 March 2019
> 5 years	9.10% - 9.90%	9.75% - 9.90%	28,471.54	12664.37
3 - 5 Years	9.10% - 9.90%	9.75% - 9.90%	3,413.49	1649.24
1 - 3 Years	9.10% - 9.90%	9.75% - 9.90%	2,900.05	1432.41
0 - 1 Years	9.10% - 9.90%	9.75% - 9.90%	951.92	902.55
			35,737.00	16,648.57

(iii) The cash credit facilities carries interest rate at 9.55 % p.a. to 10.45 % p.a.(31 March 2019: from 8.90% p.a. to 10.70% p.a). Working capital demand loans carry interest rates ranging from 7.80 % p.a. to 9.90 % p.a.(31 March 2019: from 8.55% p.a. to 9.45% 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.

(iv) Terms of repayment of commercial paper

Number of units	Face Value (₹ in lacs)	Repayment Terms	As at 31 March 2020	As at 31 March 2019
2,000	5	at Par	-	9,843.57
			-	9,843.57

Commercial papers carry interest rate ranging from 9.25% p.a. to 9.70% p.a. with maturity ranging between 2 months to 3 months.

16 Subordinated liabilities

	As at 31 March 2020	As at 31 March 2019
(Measured at amortised cost)		
(Tier II Capital):		
From banks (subordinated debts)	9,939.18	9,928.48
Total	9,939.18	9,928.48
Subordinated Liabilities in India	9,939.18	9,928.48
	9,939.18	9,928.48

(i) Terms of repayment of subordinated liabilities (Tier II capital)

Frequency	Interest rate	Repayment due	No. of instalments payable	As at 31 March 2020	As at 31 March 2019
On maturity	12.50%	Mar-26	1	9,939.18	9,928.48
				9,939.18	9,928.48

The Company has not defaulted in repayment of any principal and interest during the year.

17 Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
Amount payable on assigned loans	1,999.42	1,316.11
Temporary overdraft from banks	2,598.20	18,076.39
	4,597.62	19,392.50

18 Current tax liability (net)

	As at 31 March 2020	As at 31 March 2019
Provision for tax (net)	-	95.71
	-	95.71

19 Provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
- Provision for gratuity	-	8.22
- Provision for compensated absences	98.47	59.16
	98.47	67.38

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(All amounts in ₹ lacs, unless otherwise stated)

20 Deferred tax liabilities (net)

	As at 31 March 2020	As at 31 March 2019
Deferred tax liability arising on account of:		
Statutory reserve	761.54	808.96
Fair valuation of financial assets	1,770.11	1,115.75
Amortisation of transaction cost/income on assets on finance as per EIR model	81.71	-
Depreciation and amortisation on property, plant and equipment and Intangible assets	8.01	12.01
Provision for expenses	14.71	-
	2,636.08	1,936.72
Deferred tax asset arising on account of:		
Impairment loss allowance on loan assets	696.60	671.84
Amortisation of transaction cost/income on assets on finance as per EIR model	-	271.17
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	189.65	136.06
Fair valuation of financial assets	353.79	0.22
Provision for expenses	30.28	18.28
	1,270.32	1,097.57
Total deferred tax liability (net)	1,365.76	839.15

i) Movement in deferred tax liabilities for year ended 31 March 2020:

Particulars	As at 01 April 2019	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March 2020
Deferred tax liabilities for taxable temporary differences on:				
Statutory reserve	808.96	(47.42)	-	761.54
Fair valuation of financial assets	1,115.75	654.36	-	1,770.11
Amortisation of transaction cost/income on assets on finance as per EIR model	-	81.71	-	81.71
Depreciation reserve	12.01	(4.00)	-	8.01
Provision for expenses	-	15.15	(0.44)	14.71
Total	1,936.72	699.80	(0.44)	2,636.08
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	671.84	24.76	-	696.60
Amortisation of transaction cost/income on assets on finance as per EIR model	271.17	(271.17)	-	-
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	136.06	53.59	-	189.65
Fair valuation of financial assets	0.22	211.05	142.52	353.79
Provision for expenses	18.28	12.00	-	30.28
Total	1,097.57	30.23	142.52	1,270.32
Deferred tax liabilities, net	839.15	669.57	(142.96)	1,365.76

ii) Movement in deferred tax liabilities for year ended 31 March 2019:

Particulars	As at 01 April 2018	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March 2019
Deferred tax liabilities for taxable temporary differences on:				
Statutory reserve	860.45	(51.49)	-	808.96
Fair valuation of financial assets	1,521.71	(112.93)	(293.03)	1,115.75
Recognition of interest income on non performing assets	223.67	(223.67)	-	-
Depreciation reserve	18.66	(6.65)	-	12.01
Provision for expenses	6.34	0.86	(7.20)	-
Total	2,630.83	(393.90)	(300.23)	1,936.72
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	1,729.29	(1,057.45)	-	671.84
Amortisation of transaction cost/income on assets on finance as per EIR model	35.57	235.60	-	271.17
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	94.77	41.29	-	136.06
Fair valuation of financial assets	0.18	0.04	-	0.22
Provision for expenses	62.13	(43.85)	-	18.28
Total	1,921.94	(824.35)	-	1,097.57
Deferred tax liabilities, net	708.89	430.45	(300.23)	839.15

21 Other non-financial liabilities

	As at 31 March 2020	As at 31 March 2019
Advances from customers	422.31	885.28
Statutory dues payable	180.06	211.34
	602.37	1,096.62

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22 Share capital

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹ 10 each	200,000,000	20,000.00	200,000,000	20,000.00
Total	200,000,000	20,000.00	200,000,000	20,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	165,829,853	16,582.99	148,102,500	14,810.25
	165,829,853	16,582.99	148,102,500	14,810.25

(a) Reconciliation of the number of equity shares outstanding and the amount of share capital:

	As at 31 March 2020		As at 31 March 2019	
Particulars	Number	Amount	Number	Amount
Balance at the beginning of the reporting year	148,102,500	14,810.25	148,102,500	14,810.25
Equity share capital issued during the year	17,727,353	1,772.74	-	-
Balance at the end of the reporting year	165,829,853	16,582.99	148,102,500	14,810.25

The Company has allotted 17,727,353 equity shares of face value ₹ 10 each to Magma Fincorp Limited, aggregating to ₹ 10,000 lacs, including premium of ₹ 46.41 per share. The equity share issued and allotted as aforesaid rank pari passu with the existing equity shares of the company in all respect.

(b) Terms and rights attached to equity shares

The Company has only one class of equity share having a par value of ₹ 10 each. Each shareholder of the Company is entitled to one vote per share. The dividend as and when proposed by the Board of Directors will be subject to the approval of the shareholders to be obtained in the Annual General Meeting, which shall be paid in Indian rupees. In the event of liquidation of the Company, the equity shareholders of the Company are entitled to receive the remaining assets of the Company after discharging all liabilities of the Company in proportion to the number of equity shares held by the equity shareholders. Dividend on shares is recorded as a liability on the date of approval by the shareholders at the ensuing Annual General Meeting.

(c) Shares held by Holding company and details of shareholders holding more than 5% shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	Number	Percentage	Number	Percentage
Equity shares of ₹ 10 each:				
Magma Fincorp Limited	165,829,853	100%	148,102,500	100%

23 Other equity

	As at 31 March 2020	As at 31 March 2019
Retained earnings	18,570.06	15,158.76
Statutory reserves	5,252.97	4,400.00
Securities premium	8,227.26	
Share options reserve account	330.61	111.33
Other comprehensive income	(905.45)	(394.34)
Total	31,475.45	19,275.75

Nature and purpose of reserves:

(a) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfer to general reserves, statutory reserve, dividends and other distributions made to the shareholders.

Balance at the beginning of the year	15,158.76	12,459.83
Add: Profit for the year	4,264.84	3,401.51
Items of other comprehensive income, net of tax:		
- Remeasurement of defined benefit plans	(0.57)	(12.56)
Less: Transfer to statutory reserve	(852.97)	(690.00)
Balance at the end of the year	18,570.06	15,158.76

(b) Statutory reserves

Statutory reserve represents the Reserve Fund created under section 29C of the National Housing Bank Act, 1987. Under section 29C, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilized for the purposes as may be specified by the National Housing Bank from time to time.

Balance at the beginning of the year	4,400.00	3,710.00
Add: Transfer from surplus in the Statement of Profit and Loss	852.97	690.00
Balance at the end of the year	5,252.97	4,400.00

(c) Securities premium

Securities premium represents premium received on issue of shares. This amount can be utilised in accordance with the provisions of the Companies Act 2013.

(d) Share options outstanding account

The Company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (MESOP) in 2018 and Magma Housing Finance - Restricted Stock Option Plan 2018 (MHRSO) in 2018, which were approved by the Board of Directors. The reserve is used to recognise the fair value of the options issued to the employees of the Company under the Plan.

Refer Note 41 for further details on employee stock options.

(e) Other comprehensive income

The Company has recognized changes in fair value of certain loan assets in other comprehensive income. These changes are accumulated within fair valuation of Debt instruments through other comprehensive income under other equity. The Company transfers amounts from this reserve to retained earnings when the relevant financial asset is derecognised.

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24 Interest income

	Year ended 31 March 2020			Year ended 31 March 2019		
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	Total	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	Total
Interest on loans	26,586.33	3,659.31	30,245.64	10,972.52	11,364.36	22,336.88
Interest on deposits with banks	-	305.43	305.43	-	3.73	3.73
Other Interest Income	-	2.11	2.11	-	1.43	1.43
	26,586.33	**3,966.85**	**30,553.18**	**10,972.52**	**11,369.52**	**22,342.04**

25 Fees and commission income	Year ended 31 March 2020	Year ended 31 March 2019
Collection and support services	96.66	52.03
Foreclosure charges	190.71	237.98
Commitment fees	888.00	515.78
Others	38.06	23.76
	1,213.43	**829.55**

26 Net gain on de-recognition of financial instruments

Gain from derecognition on account of direct assignment transactions	3,074.39	1,351.84
Loss on sale of non performing assets*	-	(372.33)
	3,074.39	**979.51**

*Net of reversal of provision of Nil (31 March 2019 -1,774.10 lacs)

27 Other Income

Liabilities no longer required written back	-	126.52
Miscellaneous income	795.65	273.76
	795.65	**400.28**

28 Finance cost

Interest on debt securities	1,262.68	750.43
Interest on borrowings (other than debt securities)	14,932.27	10,334.56
Interest on subordinated liabilities	1,264.12	8.63
Other borrowing costs	209.88	240.64
	17,668.95	**11,334.26**

29 Net loss on fair value changes

Net loss on financial instruments at fair value through profit or loss - Security receipts (unrealised)	225.13	118.82
	225.13	**118.82**

30 Impairment on financial instruments

	Year ended 31 March 2020			Year ended 31 March 2019		
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	Total	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	Total
Impairment on loans	658.23	(71.57)	586.66	106.28	(808.09)	(701.81)
Bad debts written-off (net of recoveries)*	1,250.82	336.78	1,587.60	443.41	431.50	874.91
	1,909.05	**265.21**	**2,174.26**	**549.69**	**(376.59)**	**173.10**

*During the year, bad debts recovery for ₹ 211.79 lacs on financial assets measured at fair value through OCI and ₹ 23.43 lacs on financial assets measured at amortised cost has been netted off with bad debts written off. (31 March 2019- ₹ 83.61 lacs and ₹ 41.52 lacs)

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(All amounts in ₹ lacs, unless otherwise stated)

31 Employee benefits expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	6,294.40	4,632.72
Contribution to provident and other funds	385.72	245.99
Share Based Payments to employees	219.28	111.33
Staff welfare expense	98.17	109.77
	6,997.57	5,099.81

(a) Defined contribution plans:

Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the Fund administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to Statement of profit and loss in the period in which they are incurred.

(b) Defined benefits plans:

Gratuity (funded)

Gratuity is a post employment benefit and is a defined benefit plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of plan assets (if any), together with adjustment for unrecognized actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation annually using the Projected Unit Credit Method. Actuarial gains/losses are credited/ charged to the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

The following table summarizes the components of defined benefit expense recognized in the Statement of Profit and Loss/Other Comprehensive Income ('OCI') and the funded status and amounts recognized in the Balance Sheet for the respective plans:

	Year ended 31 March 2020	Year ended 31 March 2019
(i) Change in present value of the defined benefit obligation:		
Present value of the obligations at the beginning of the year	96.09	75.72
Current service cost	64.00	36.70
Interest cost	6.75	4.00
Past service cost	-	-
Actuarial loss arising from assumption changes	19.49	1.01
Actuarial (gain) from demographic assumptions	(0.09)	-
Actuarial (gain)/loss arising from experience adjustments	(18.39)	18.77
Benefits paid	(15.55)	(40.11)
Present value of the obligations at the end of the year	152.30	96.09
(ii) Change in fair value of plan assets:		
Plan assets at the beginning of the year	87.87	93.85
Actual return on plan assets	10.29	6.75
Actual company contributions	109.11	27.38
Benefits paid	(15.55)	(40.11)
Plan assets at the end of the year	191.72	87.87
(iii) Reconciliation of present value of defined benefit obligation and the fair value of plan assets		
Present value obligation as at the end of the year	152.30	96.09
Fair value of plan assets as at the end of the year	191.72	87.87
Net (asset)/liabilities recognized in balance sheet	(39.42)	8.22
(iv) Components of net cost charged to the Statement of profit and loss		
Employee benefits expense:		
Service cost	64.00	36.70
Interest costs	6.75	4.00
Interest income	(10.29)	(6.75)
Net impact on profit before tax	60.46	33.95
(v) Components Remeasurement losses in other comprehensive income		
Actuarial loss arising from assumption changes	1.01	1.01
Actuarial loss arising from experience adjustments	-	18.77
Remeasurement losses in other comprehensive income	1.01	19.78

(vi) The Company's gratuity scheme for permanent employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity funds actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purpose for which assumptions are same as set out below. Employees do not contribute to the plan.

(vii) Assumptions used

With the objective of presenting plan assets and obligations of the defined benefit plans at their fair value at Balance Sheet date, assumptions used under Ind AS 19 are set by reference to market conditions at the valuation date.

	Year ended 31 March 2020	Year ended 31 March 2019
Discount rate (per annum)	6.65%	7.64%
Salary escalation rate (per annum)	5.00%	5.00%
Expected average remaining working lives of employees (years)	24.49	24.62
Mortality	"IALM(2012-14) ultimate table"	"IALM(2006-08) ultimate table"

(viii) Sensitivity analysis

A quantitative sensitivity analysis for significant assumption is as shown below:

DBO with discount rate +0.25pt	146.99	92.99
DBO with discount rate -0.25pt	157.86	99.34
DBO with +0.5% salary escalation	163.83	102.87
DBO with -0.5% salary escalation	141.73	89.84
DBO with +2% withdrawal rate	152.29	96.10
DBO with -2% withdrawal rate	152.30	96.09
DBO with +1% mortality rate	152.31	96.10
DBO with -1% mortality rate	152.29	96.08

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31 Employee benefits expenses (cont'd)

Methods and assumptions used in preparing sensitivity analysis and their limitations:
The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the Balance Sheet.

(ix) Maturity analysis of the benefit payments:	As at 31 March 2020	As at 31 March 2019
Year 1	0.68	0.56
2 to 5 years	8.76	3.56
6 to 10 years	61.57	54.87
More than 10 years	393.55	260.68

(c) Aforesaid defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Credit Risk	If the scheme is insured and fully funded on PUC basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.
Pay-as-you-go Risk	For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.
Discount Rate risk	The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.
Liquidity Risk	This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient assets/cash).

(d) Aforesaid defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Future Salary Increase Risk	The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.
Demographic Risk	If the scheme is insured and fully funded on PUC basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.
Regulatory Risk	Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments.

32 Depreciation, amortisation and impairment	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property plant and equipment	16.68	10.68
Depreciation on right of use asset	73.49	-
Amortisation of Intangible assets	20.45	20.08
	110.62	**30.76**

33 Other expenses		
Rent, taxes and energy costs	316.07	314.73
Repairs and maintenance	108.07	110.55
Communication costs	61.51	72.28
Printing and stationery	98.54	69.45
Advertisement and publicity	117.75	80.06
Directors fees, allowances and expenses	10.72	9.07
Auditor's fees and expenses*	30.21	28.35
Legal charges and professional charges	1,014.32	1,022.03
Travelling and conveyance	371.90	377.41
Corporate social responsibility expenditure (refer note 52)	40.00	52.90
Outsourcing expense	426.43	570.16
Office maintenance	79.07	89.84
Record retention charges	80.50	55.60
Meeting and seminar expenses	21.55	28.34
Miscellaneous expenses	234.92	213.58
	3,031.56	**3,094.35**

***Payment to auditors (excluding taxes)**		
Audit fees	18.00	18.00
Limited review	7.00	7.00
Other services	2.48	1.20
Reimbursement of expenses	2.73	2.15
	30.21	**28.35**

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34 Tax expenses	Year ended 31 March 2020	Year ended 31 March 2019
(a) Income tax recognised in the Statement of Profit and Loss:		
Current tax	526.00	875.00
Deferred tax	669.57	430.45
Tax expenses of earlier years	(31.85)	(6.68)
	1,163.72	**1,298.77**
(b) Income tax recognized in other comprehensive income comprises:		
Taxes on remeasurement of defined benefit plans	0.44	7.20
Taxes on fair valuation of financial assets	142.52	293.03
	142.96	**300.23**
(c) Reconciliation of income tax expense and the accounting profit for the year:		
Profit before tax	5,428.56	4,700.28
Enacted tax rates (%)	**25.17%**	**29.12%**
Income tax expense calculated at corporate tax rate	1,366.26	1,368.72
Tax impact of expenses not deductible	(35.97)	(11.83)
Impact of tax relating to earlier years	(31.85)	(6.68)
Impact due to change in enacted tax rate	(135.68)	(96.32)
Others	0.96	44.88
Income tax expense recognised in statement of profit and loss	**1,163.72**	**1,298.77**

35 Earnings per share (EPS)	Units	Year ended 31 March 2020	Year ended 31 March 2019
Net profit attributable to equity shareholders	(₹ in lacs)	4,264.84	3,401.51
Nominal value of equity share	₹	10	10
Weighted average number of equity shares for basic earning per share	Nos.	148,538,419	148,102,500
Add : Diluting effect of potential equity shares issued as employee stock options	Nos.	2,756,665	2,039,177
Weighted average number of equity shares for diluted earning per share	Nos.	151,295,084	150,141,677
Earnings per share			
- Basic earnings per share	₹	2.87	2.30
- Diluted earnings per share	₹	2.82	2.27

36 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment of providing financial services to customers in India. The entire revenues are billable within India and there is only one geographical segment.

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37 Related party disclosures

Information on related party transactions as required by Ind AS - 24 - Related Party Disclosures are as follows -

(a) List of related parties

(i) Parties where control exists

Name of the related party	Nature of Relationship	Country of incorporation	% of holding as on 31 March 2020	% of holding as on 31 March 2019
Magma Fincorp Limited	Holding Company	India	100%	100%

(ii) Joint venture of holding company
Magma HDI General Insurance Company

(iii) Key management personnel

Name of the related party	Nature of Relationship
Sanjay Chamria	Chairman, Non Executive Director
Manish Jaiswal	Managing Director and Chief Executive Officer
Kailash Baheti	Director
Mayank Poddar	Non-Executive Director
Mamta Binani	Non Executive Independent Director (upto 27.03.2020)
Raman Uberoi	Non Executive Independent Director (w.e.f 20.03.2020)
Deena Mehta	Non Executive Independent Director (w.e.f 20.03.2020)
Satya Brata Ganguly	Non Executive Director (w.e.f 13.07.2018)
Gauri Shankar Agarwal	Chief Financial Officer (upto 30.09.2018)
Ian Gerard Desouza	Chief Financial Officer (w.e.f 01.01.2019)
Priti Saraogi	Company Secretary

(iv) Others - With whom transactions have been taken place during the year

Name of the related party	Nature of Relationship
CLP Business LLP	LLP in which Director is a Designated partner
Celica Developers Private Limited	Private Company in which Director is Member or Director
Moh Jaiswal	Relative of Key Managerial Personnel

(b) Transactions with related parties

Name of the party	Nature of transaction	Year ended 31 March 2020	Year ended 31 March 2019
(i) Holding Company			
Magma Fincorp Limited	Common cost allocation (expense)	1,163.50	1,334.01
	Inter corporate loan taken	57,000.00	35,000.00
	Inter corporate loan refunded	57,000.00	35,000.00
	Issue of equity shares (including premium)	10,000.00	-
	Interest expense	683.67	870.41
	Sale of financial assets through direct assignment	22,946.51	22,802.95
	Collection and support fees received	31.29	1.81
(ii) Joint venture of holding company			
Magma HDI General Insurance Company	Advance recoverable	1,347.89	561.73
	Adjustments of loans and advances given	1,165.91	493.00
(iii) Key management personnel			
Manish Jaiswal	Directors' remuneration	126.70	139.00
	Loan given	-	639.56
	Repayment of loan	4.91	375.78
	Installment received in advance	2.41	2.41
	Interest income	24.07	13.69
Gauri Shankar Agarwal	Remuneration	-	62.34
	Repayment of loan	-	1.08
	Interest income	-	1.50
Ian Gerard Desouza	Remuneration	185.47	41.25
Priti Saraogi	Remuneration	11.04	10.53
Mamta Binani	Sitting Fees	5.30	4.70
Satya Brata Ganguly	Sitting Fees	4.70	3.70
(iv) Others			
Celica Developers Private Limited	Loan given	2,490.00	-
	Interest income	179.72	-
	Repayment of loan	84.65	-
CLP Business LLP	Rent expense	15.22	15.22
Moh Jaiswal	Loan given	-	221.12
	Repayment of loan	3.30	1.56
	Installment received in advance	1.95	1.95
	Interest income	20.07	8.17

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(All amounts in ₹ lacs, unless otherwise stated)

Related party disclosures (cont'd)

(c) Balances with related parties

Name of the party	Nature of balance	As at 31 March 2020	As at 31 March 2019
(i) Holding Company			
Magma Fincorp Limited	Loans and advances given	-	-
	Collection fees receivable	2.72	1.32
(ii) Joint venture of holding company			
Magma HDI General Insurance Company	Loans and advances given	299.46	117.48
(iii) Key management personnel			
Manish Jaiswal	Loan given	258.88	263.79
	Installment received in advance	2.41	2.41
Gauri Shankar Agarwal	Loan given	-	34.19
	Installment received in advance	-	-
(iv) Others			
Celica Developers Private Limited	Loan given	2,395.35	-
CLP Business LLP	Security deposit given	6.45	6.45
Moh Jaiswal	Loan given	216.26	219.56
	Installment received in advance	1.95	1.95

(d) Compensation of key managerial personnel	Year ended 31 March 2020	Year ended 31 March 2019
Short-term employee benefits (including remunerations)	318.34	249.58
Post-employment benefits	4.87	3.54

*As provisions for gratuity and leave benefits are made for the Company as a whole, the amount pertaining to key management personnel are not specifically identified and hence are not included above;

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38 Fair value measurements

a Financial assets and liabilities
The carrying amounts and fair values of financial instruments by category as follows:

Particulars	Note	As at 31 March 2020	As at 31 March 2019
(i) Financial assets measured at amortized cost			
- Cash and cash equivalents	3	110.49	357.18
- Other bank balances	4	5,881.24	2,058.19
- Loans	5	2,616.08	123,460.97
- Other financial assets	6	7,144.84	4,451.92
(ii) Fair value through profit and loss - other financial assets(Security receipts)	6	721.37	983.33
(iii) Fair value through other comprehensive income-Loans	5	235,217.96	63,809.20
Total		251,691.98	195,120.79
Financial liabilities measured at amortized cost			
Trade payables	13	539.21	478.94
Other payables	13	1,339.94	973.85
Debt securities	14	5,491.93	13,661.94
Borrowings (other than debt securities)	15	182,848.31	115,658.45
Subordinated liabilities	16	9,939.18	9,928.48
Lease liabilities	10	486.15	-
Other financial liabilities	17	4,597.62	19,392.50
Total		205,242.34	160,094.16

b Fair values hierarchy
Financial assets and financial liabilities measured at fair value in the Statement of Profit and Loss are grouped into three levels of a fair value hierarchy. These three levels are defined based on the observability of significant inputs to the measurement, as follows:
Level 1: Quoted prices (unadjusted) for identical instruments in an active market;
Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
Level 3: Inputs which are not based on observable market data (unobservable inputs).

b.1 Financial assets and liabilities measured at fair value - recurring fair value measurements
The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

As at 31 March 2020	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loans	-	-	235,217.96	**235,217.96**
Fair value through profit and loss				
Other financial assets - Security receipts	-	721.37	-	**721.37**

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loans	-	-	63,809.20	**63,809.20**
Fair value through profit and loss				
Other financial assets - Security receipts	-	983.33	-	**983.33**

b.2 Fair value of financial instruments measured at amortized cost
Fair value of instruments measured at amortized cost for which fair value is disclosed is as follows:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	110.49	110.49	357.18	357.18
Other bank balances	5,881.24	5,881.24	2,058.19	2,058.19
Loans	2,616.08	2,612.99	123,460.97	122,937.60
Other financial assets	7,144.84	7,144.84	4,451.92	4,451.92
Total	15,752.65	15,749.56	130,328.26	129,804.89
Financial liabilities				
Trade payables	539.21	539.21	478.94	478.94
Other Payables	1,339.94	1,339.94	973.85	973.85
Debt securities	5,491.93	5,837.75	13,661.94	13,537.92
Borrowings (other than debt securities)	182,848.31	184,374.48	115,658.45	115,865.82
Subordinated liabilities	9,939.18	10,287.44	9,928.48	10,343.67
Lease liabilities	486.15	486.15	-	-
Other financial liabilities	4,597.62	4,597.62	19,392.50	19,392.50
Total	205,242.34	207,462.59	160,094.16	160,692.70

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38 Fair value measurement (cont'd)

The management assessed that fair values of cash and cash equivalents, other financial assets, trade payables and other financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

b.3 Financial instruments measured at fair value and fair value of financial instruments carried at amortized cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between
Financial assets and liabilities measured at amortized cost	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates	Not applicable	Not applicable
Financial assets measured at FVTPL	NAV based method	Not applicable	Not applicable
Financial assets measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates	The discount rate is the average lending rate at which the loans are disbursed	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.

b.4 Movement in Level 3 financial instruments measured at fair value

Particulars	As at 1 April 2019	Disbursed	Receipts	Transfer into Level 3	Transfer from Level 3	Interest income	Other Comprehensive Income	As at 31 March 2020
Loans*	64,633.44	121,844.73	95,105.25	120,649.28	-	26,586.33	(653.63)	237,954.90
	64,633.44	121,844.73	95,105.25	120,649.28	-	26,586.33	(653.63)	237,954.90

Particulars	As at 1 April 2018	Disbursed	Receipts	Transfer into Level 3	Transfer from Level 3	Net interest income	Other Comprehensive Income	As at 31 March 2019
Loans*	69,980.43	39,107.79	54,495.99	-	-	10,972.52	(931.31)	64,633.44
	69,980.43	39,107.79	54,495.99	-	-	10,972.52	(931.31)	64,633.44

* The above numbers are gross carrying amounts.(Refer Note 5)

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39 Financial risk management

The Company assumes credit risk, market risk, compliance risk, operational risk and reputational risk in the normal course of it business. This exposes the Company to a substantial level of inherent financial risk.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors have established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's asset on finance.

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit impaired asset and significant increase in credit risk is assessed by the following observable data:

• a breach of contract such as a default or past due event;
• when a borrower becomes 3 months overdue in its contractual payments;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc.

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by jurisdictions or region and type of product or borrower as well as by DPD. The Company employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

c) Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss(ECL) calculations in all cases when the borrower becomes 3 months overdue on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

An asset migrates down the ECL Stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation;

To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all Stages, i.e. Stage 1, Stage 2 and Stage 3.

f) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition; if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-Stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortized cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive Stages of delinquency to write-off. Assets migrate through following three Stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost.

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39 Financial risk management (cont'd)

g) Expected credit loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually 3 months overdue, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually 1 month overdue are classified under Stage 2 - life time ECL, not credit Impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information such as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Model. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

The following table provides information about the exposure to credit risk and expected credit loss for loans :

Loans measured at amortized cost

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit - impaired
As at 31 March 2020				
Current (not past due)	2,408.51	0.18%	4.28	No
Upto 1 month overdue	1.77	0.85%	0.02	No
1 - 2 month overdue	-	-	-	No
2 - 3 month overdue	-	-	-	No
More than 3 months overdue	331.53	42.75%	141.73	Yes
	2,741.81	5.33%	146.03	
As at 31 March 2019				
Current (not past due)	114,627.06	0.22%	251.07	No
Upto 1 month overdue	3,276.82	1.64%	53.63	No
1 - 2 month overdue	2,450.63	4.93%	120.86	No
2 - 3 month overdue	2,631.29	9.42%	247.94	No
More than 3 months overdue	1,941.72	41.25%	800.88	Yes
	124,927.52	1.18%	1,474.38	

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39 Financial risk management (cont'd)

Loans at fair value through other comprehensive income

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March 2020				
Current (not past due)	218,037.62	0.14%	308.92	No
Upto 1 month overdue	7,234.60	0.86%	62.49	No
1 - 2 month overdue	4,161.21	8.53%	354.86	No
2 - 3 month overdue	4,968.73	11.86%	589.32	No
More than 3 months overdue	3,552.74	40.01%	1,421.35	Yes
	237,954.90	**1.15%**	**2,736.94**	
As at 31 March 2019				
Current (not past due)	54,093.66	0.20%	110.85	No
Upto 1 month overdue	3,105.01	1.32%	41.11	No
1 - 2 month overdue	2,710.50	3.63%	98.46	No
2 - 3 month overdue	3,296.83	6.70%	220.99	No
More than 3 months overdue	1,427.44	24.72%	352.83	Yes
	64,633.44	**1.28%**	**824.24**	

Expected credit loss on other financial assets

Other financial assets primarily includes excess interest spread receivable and security receipts. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Security receipts are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and other Bank Balance

The Company has cash and cash equivalents and bank balance of ₹ 5,991.73 lacs at 31 March 2020 (31 March 2019: ₹ 2,415.37 lacs). These are held with bank and financial institution counterparties with acceptable credit ratings to reduce the credit risk.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

(i) Movements in the gross carrying amount in respect of loans and other financial assets

Loans measured at amortized cost

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 31 March 2018	65,207.44	7,232.42	4,109.11
Transfer to Stage 1	2,618.17	(2,261.42)	(336.75)
Transfer to Stage 2	(2,182.12)	2,567.87	(405.75)
Transfer to Stage 3	(357.89)	(794.64)	1,152.53
Loans assets originated or purchased	65,154.88	225.47	4.53
Loans assets that have been derecognised / repaid (excluding write offs)	(12,346.15)	(1,805.01)	(2,423.67)
Write offs	(190.46)	(82.79)	(158.25)
Gross carrying amount on 31 March 2019	**117,903.87**	**5,081.90**	**1,941.75**
Transfer from Amortised cost to Fair value through OCI	(114,303.75)	(5,081.90)	(1,263.63)
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
Loans assets originated or purchased	294.79	-	-
Loans assets that have been derecognised / repaid (excluding write offs)	(1,484.63)	-	(9.81)
Write offs	-	-	(336.76)
Gross carrying amount on 31 March 2020	**2,410.28**	**-**	**331.53**

Loans at fair value through other comprehensive income

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 31 March 2018	58,405.55	7,793.20	3,781.68
Transfer to Stage 1	1,495.14	(1,112.27)	(382.87)
Transfer to Stage 2	(2,366.53)	2,756.39	(389.86)
Transfer to Stage 3	(378.57)	(507.02)	885.59
Loans assets originated or purchased	39,044.43	-	63.36
Loans assets that have been derecognised / repaid (excluding write offs)	(38,843.70)	(2,881.93)	(2,265.73)
Write offs	(157.63)	(41.04)	(244.75)
Gross carrying amount on 31 March 2019	**57,198.69**	**6,007.33**	**1,427.42**
Transfer from Amortised cost to Fair value through OCI	114,303.75	5,081.90	1,263.63
Transfer to Stage 1	2,759.03	(2,439.35)	(319.69)
Transfer to Stage 2	(3,666.83)	4,086.56	(419.72)
Transfer to Stage 3	(1,426.71)	(1,414.26)	2,840.97
Loans assets originated or purchased	121,521.56	270.53	52.63
Loans assets that have been derecognised / repaid (excluding write offs)	(65,180.37)	(1,999.46)	(741.87)
Write offs	(236.88)	(463.33)	(550.61)
Gross carrying amount on 31 March 2020	**225,272.24**	**9,129.90**	**3,552.76**

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(All amounts in ₹ lacs, unless otherwise stated)

39 Financial risk management (cont'd)

ii) Movements in the allowance for impairment in respect of loans and other financial assets

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortized cost

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 31 March 2018	330.69	750.37	2,281.84
Transfer to Stage 1	425.72	(247.09)	(178.63)
Transfer to Stage 2	(29.68)	307.50	(277.82)
Transfer to Stage 3	(2.84)	(60.09)	62.93
Net Remeasurement of loss allowance	(501.56)	(210.48)	190.33
Loans assets originated or purchased	134.65	13.87	-
Loans assets that have been derecognised / repaid (excluding write offs)	(38.68)	(114.09)	(829.60)
Write offs	(14.25)	(71.18)	(447.53)
Loss allowance on 31 March 2019	**304.05**	**368.81**	**801.52**
Transfer from Amortised cost to Fair value through OCI	(294.91)	(368.81)	(458.38)
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
Net Remeasurement of loss allowance	(1.72)	-	78.88
Loans assets originated or purchased	0.51	-	-
Loans assets that have been derecognised / repaid (excluding write offs)	(2.48)	-	-
Write offs	(1.15)	-	(280.28)
Loss allowance on 31 March 2020	**4.30**	**-**	**141.74**

Loans at fair value through other comprehensive income

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 31 March 2018	173.87	407.86	996.27
Transfer to Stage 1	168.39	(59.88)	(108.51)
Transfer to Stage 2	(15.39)	107.91	(92.52)
Transfer to Stage 3	(4.21)	(28.91)	33.12
Net Remeasurement of loss allowance	(150.44)	32.86	287.37
Loans assets originated or purchased	80.86	-	-
Loans assets that have been derecognised / repaid (excluding write offs)	(93.01)	(111.44)	(608.85)
Write offs	(8.14)	(28.95)	(154.02)
Loss allowance on 31 March 2019	**151.93**	**319.45**	**352.86**
Transfer from Amortised cost to Fair value through OCI	294.91	368.80	458.38
Transfer to Stage 1	13.82	(10.81)	(3.00)
Transfer to Stage 2	(368.16)	416.63	(48.46)
Transfer to Stage 3	(571.30)	(561.42)	1,132.72
Net Remeasurement of loss allowance	733.87	484.80	(40.38)
Loans assets originated or purchased	168.46	26.34	21.75
Loans assets that have been derecognised / repaid (excluding write offs)	(39.86)	(52.66)	(93.02)
Write offs	(12.26)	(46.95)	(359.50)
Loss allowance on 31 March 2020	**371.41**	**944.18**	**1,421.35**

i) Concentration risk

Pursuant to the guidelines of the National Housing Board, credit exposure of banks to an individual borrower must not exceed 15% of owned fund and 25% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines.
In addition, the Company views the concentration of risk on the basis of below product type category.

Loans and advances to customer	As at 31 March 2020	As at 31 March 2019
Housing Loans	154,887.28	120,649.28
Construction Finance	2,741.81	4,278.24
Loan against property	83,067.62	64,633.44

Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Company, by taking possession of collateral held, as security against loans held at the year end, are shown below:

Particulars	As at 31 March 2020	As at 31 March 2019
Property	24	32
Principle outstanding and installment overdue	671.02	1,951.07

The Company's policy is to pursue timely realization of the collateral in an orderly manner. The Company does not generally use the non-cash collateral for its own operations.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020
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39 Financial risk management (cont'd)

B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows :

As at 31 March 2020	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	2,938.63	3,402.00	-	6,340.63
Borrowings (other than debt securities)	78,707.85	64,081.28	107,442.48	250,231.61
Subordinated liabilities	1,250.00	2,500.00	13,750.00	17,500.00
Trade payables	1,879.15	-	-	1,879.15
Other financial liabilities	4,597.62	-	-	4,597.62
Lease liabilities	48.51	127.76	310.37	486.64
Total	89,421.76	70,111.04	121,502.85	281,035.65

As at 31 March 2019	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	7,428.71	7,378.72	1,100.00	15,907.43
Borrowings (other than debt securities)	67,516.24	44,404.19	32,881.47	144,801.90
Subordinated liabilities	1,253.42	2,500.00	15,000.00	18,753.42
Trade and other payables	1,452.79	-	-	1,452.79
Other financial liabilities	20,301.31	-	-	20,301.31
Total	97,952.47	54,282.91	48,981.47	201,216.85

C) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily INR. In addition, interest on borrowings is denominated in the currency of the borrowing.

D) Interest rate risk

Exposure to interest rate risk:

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Fixed rate instruments		
Financial assets	13,857.94	7,850.62
Financial liabilities	37,394.03	59,436.71
Variable rate instruments		
Financial assets	237,834.04	187,270.17
Financial liabilities	167,848.31	100,658.45

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below :

Particulars	Profit or loss	
	100 bp increase	100 bp decrease
31 March 2020		
Variable rate instruments	699.86	(699.86)
Cash flow sensitivity (net)	699.86	(699.86)
31 March 2019		
Variable rate instruments	866.12	(866.12)
Cash flow sensitivity (net)	866.12	(866.12)

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables remain constant.

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39 Financial risk management (cont'd)

E) Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalized procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. The Company also has well established legal procedures to scrutinize product offerings and manage risks arising out of its transactions.

As at 31 March 2020, there were legal cases pending against the Company aggregating ₹ 1.95 lakhs (31 March 2019: Nil). Based on the opinion of the Company's legal advisors, the management believes that no liability is likely to arise from these cases.

Operational risk

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

The framework, at its core, has the following elements

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

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

First line - Each function/vertical undergoes transaction testing to evaluate internal compliance and thereby lay down processes for further improvement. Thus, the approach is "bottom-up", ensuring acceptance of findings and faster adoption of corrective actions, if any, to ensure mitigation of perceived risks.

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

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

40 Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) requirement of the National Housing Board (NHB) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB. The Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The funding requirements are met through equity, non-convertible debentures and other long-term/ short-term borrowings. The Company's policy is aimed at appropriate combination of short-term and long term borrowings. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i. Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

Tier 1 capital, which includes ordinary share capital, retained earnings and reserves and deduction for Intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities and impairment provision in respect of standard assets.

	As at 31 March 2020	As at 31 March 2019
CRAR (%)	35.99	34.98
CRAR -Tier I Capital (%)	30.56	26.82
CRAR -Tier II Capital (%)	5.43	8.16

Note : Pursuant to RBI circular dated RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020, CRAR have been calculated with securitisation transaction being treated as zero risk weighted assets for current year as compared to off balance sheet assets for the previous year. The unrealised gains, if any, is excluded from reserves from the current year.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e. financing. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The Company monitors capital on the basis of total equity and debt on periodic basis. Equity comprises of all component of equity including the fair value impact. Debt includes long term loan and short term loan.

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41 Employee Stock Option Plan / Scheme (ESOP/ RSO)

A Description of share-based payment arrangements

The Company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (MESOP) in 2018 and Magma Housing Finance - Restricted Stock Option Plan 2018 (MHRSO) in 2018, which were approved by the Board of Directors.

Pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 31 March 2018, the Company has approved the Employee Stock Option Plan-2018 (MHFL ESOP 2018). The members of the Nomination & Remuneration Committee (NRC) had approved the grant of 3,45,755 options during FY19, to the eligible employees of the Company in 3 tranches. Also during the year, the members of the NRC has approved the grant of 6,90,000 options, to the eligible employees of the Company in 2 tranches. The live options vest in the ratio of 30:30:40 after expiry of first, second, and third year respectively from the date of grant of option. The Options granted under tranche 4 & 5 are not yet due for vesting.
Further, pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 24.10.2018, the Company has approved the Restricted Stock Option Plan-2018 (MHRSO 2018). The members has approved the grant of 29,60,000 options to the eligible employee of the Company. The options shall vest in two equal instalments at the end of third year and fifth year from the date of joining. The Options are not yet due for vesting, hence no allotment made during the year.

Particulars	MHFL ESOP 2018	MHRSO 2018
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.	The vesting conditions are linked to profitability.
Vesting period	(a) 30% of the options shall vest on the expiry of one year from the date of the Grant. (b) 30% of the options shall vest on the expiry of two year from the date of the Grant. (c) 40% of the options shall vest on the expiry of three year from the date of the Grant.	The RSO as granted will vest in 3 tranches i.e. 14,80,000 units to be vested at the end of 3rd year from the date of joining and balance i.e. 14,80,000 units at the end of 5th year from the date of joining. The vesting of the RSO options is subject to achievement of specific targets.

B Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

MESOP, 2018

Particulars	As at 31 March 2020 No. of options	As at 31 March 2019 No. of options
Outstanding at the beginning of the year	294,902	-
Granted during the year	690,000	345,755
Lapsed during the year	154,902	50,853
Outstanding options at the end of the year	830,000	294,902
Exercisable at the end of the year	42,000	-

The options outstanding at 31 March 2020 have exercise price of ₹ 36.66 (Tranche 4 and 5) and ₹ 24.25 (Tranche 3). (31 March 2019: 24.25) and a weighted average remaining contractual life of 1.92 years (31 March 2019: 2 years)

MHRSO, 2018 :

Particulars	As at 31 March 2020 No. of options	As at 31 March 2019 No. of options
Outstanding options at the beginning of the year	2,960,000	-
Granted during the year	-	2,960,000
Forfeited during the year	-	-
Exercised during the year	-	-
Expired/ lapsed during the year	-	-
Outstanding options at the end of the year	2,960,000	2,960,000
Exercisable at the end of the year		-

The options outstanding at 31 March 2020 have an exercise price of ₹ 10 (31 March 2019: ₹ 10) and a weighted average remaining contractual life of 2.57 years (31 March 2019: 2 years)

(i) There are no identified employees who were granted ESOP, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.
(ii) There is 1 identified employee who was granted RSO, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

C The fair value of the options granted is determined on the date of the grant using the "Black-Scholes model" and the inputs used in the measurement of the fair value as on grant date as follows:

Particulars	31 March 2020	31 March 2019
Fair market value of option as on the date of grant	16.33 - 31.76	16.33 - 19.72
Exercise price	10.00 - 36.66	10.00 - 24.25
Expected volatility (%) of share price	40.54% - 41.83%	39.85% - 42.69%
Expected option life (weighted average)	up to 3 years	up to 2 years
Risk free interest rate (p.a.)	6.32% to 6.44%	6.85% - 7.70%

The expected volatility was determined based on historical volatility data of the listed peer Company's shares for the said period.

The stock based compensation expenses determined using fair value method and charged to statement of profit and loss account is ₹ 219.28 lacs (March 31, 2019: ₹ 111.33 lacs) .

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(All amounts in ₹ lacs, unless otherwise stated)

42 The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the effective interest rate.

	As at 31 March 2020		As at 31 March 2019	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
Financial assets				
Cash and cash equivalents	110.49	-	357.18	-
Other bank balances	4,659.83	1,221.41	2,058.19	-
Loans	40,379.07	197,454.97	8,745.40	178,524.77
Other financial assets	5,225.09	2,641.12	1,630.35	3,804.90
Total financial assets	**50,374.48**	**201,317.50**	**12,791.12**	**182,329.67**
Non Financial assets				
Current tax assets (net)	-	579.16	-	17.89
Property, plant and equipment	-	126.28	-	70.73
Capital work in progress	-	-	-	31.05
Intangible assets under development	-	108.46	-	
Other intangible assets	-	57.96	-	56.84
Right of use assets	72.76	376.51	-	
Assets held for sale	364.71	-	-	-
Other non-financial assets	964.91	1,024.65	978.18	3.54
Total non financial assets	**1,402.38**	**2,273.02**	**978.18**	**180.05**
Total Assets	**51,776.86**	**203,590.52**	**13,769.30**	**182,509.72**
Financial Liabilities				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	539.21	-	478.94	-
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,339.94	-	973.85	-
Debt securities	2,496.94	2,994.99	6,172.83	7,489.11
Borrowings (other than debt securities)	68,558.72	114,289.59	61,628.22	54,030.23
Subordinated liabilities	-	9,939.18	3.42	9,925.06
Lease liability	48.51	437.64	-	-
Other financial liabilities	4,597.62	-	19,392.50	-
Total financial liabilities	**77,580.94**	**127,661.40**	**88,649.76**	**71,444.40**
Non Financial Liabilities				
Current tax liabilities (net)	-	-	95.71	-
Provisions	1.41	97.06	0.97	66.41
Deferred tax liabilities (net)	-	1,365.76	-	839.15
Other non-financial liabilities	602.37	-	1,096.62	-
Total non financial liabilities	**603.78**	**1,462.82**	**1,193.30**	**905.56**
Total Liabilities	**78,184.72**	**129,124.22**	**89,843.06**	**72,349.96**
Shareholders fund	-	**48,058.44**	-	**34,086.00**

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(All amounts in ₹ lacs, unless otherwise stated)

43 Transfer of financial assets

A Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Securitisation transactions :	As at 31 March 2020	As at 31 March 2019
Carrying amount of transferred assets	35,808.18	17,206.27
Carrying amount of associated liabilities	35,737.00	16,648.57
Fair value of assets	35,710.05	17,206.27
Fair value of associated liabilities	37,008.45	16,648.57
Net position at fair value	(1,298.40)	557.70

The nature of the risks and rewards of ownership to which the entity is exposed.

A description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets.

Loans and advances to customers are sold by the Company to securitisation vehicles, which in turn issue PTCs to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans and advances to an unconsolidated securitisation vehicle, however it retains credit risk (principally through credit enhancement provided by the Company).

Since substantially all the risks and rewards of the loans transferred has been retained by the Company, it does not derecognise the loans transferred in its entirety and recognise an associated liability for the consideration received.

44 Change in liabilities arising from financing activities

Particulars	As at 1 April 2019	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March 2020
Debt securities	13,661.94	-	(7,500.00)	(670.01)	5,491.93
Borrowings (other than debt securities)	115,658.45	266,409.29	(198,836.94)	(382.49)	182,848.31
Subordinated liabilities	9,928.48	-	-	10.70	9,939.18
Total Liabilities from financing activities	139,248.87	266,409.29	(206,336.94)	(1,041.80)	198,279.42

Particulars	As at 1 April 2018	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March 2019
Debt securities	10,455.03	6,500.00	(4,000.00)	706.91	13,661.94
Borrowings (other than debt securities)	92407.09	231,060.02	(208,003.69)	195.03	115,658.45
Subordinated liabilities	-	10,000.00	-	(71.52)	9,928.48
Total Liabilities from financing activities	102,862.12	247,560.02	(212,003.69)	830.42	139,248.87

* Represents adjustments on account of EIR and other adjustments

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(All amounts in ₹ lacs, unless otherwise stated)

44 Disclosure regarding classification of provisions made and loans pursuant to the Prudential Norms contained in the Housing Finance Companies (NHB) Directions, 2010 as amended*

	As at 31 March 2020				As at 31 March 2019			
	Standard assets	Sub-standard assets	Doubtful assets	Total assets	Standard assets	Sub-standard assets	Doubtful assets	Total assets
Balances outstanding								
Housing loans*								
- Individuals	152,927.06	1,616.80	333.48	154,879.14	122,717.89	1,207.12	520.28	124,445.29
- Corporate	2,606.30	-	143.64	2,749.94	267.92	92.62	121.69	482.23
Other loans against property	81,279.08	1,541.38	247.17	83,067.63	63,205.98	1,085.67	341.79	64,633.44
Total	236,812.44	3,159.98	724.29	240,696.71	186,191.79	2,385.41	983.76	189,560.96
Provisions								
Opening provision	1,144.24	627.27	527.11	2,298.62	1,662.79	2,769.69	508.42	4,940.90
Provision made/ (written back) during the year**	175.64	634.27	(225.56)	584.35	(518.55)	(2,142.42)	18.69	(2,642.28)
Closing provision	1,319.88	1,261.54	301.55	2,882.97	1,144.24	627.27	527.11	2,298.62

* It includes receivables towards insurance policies taken on behalf of customers amounting to ₹ 5,552.22 lacs (31 March 2019 : ₹ 2,499.17 lacs). The same has been considered as non housing loan for the purpose of regulatory returns and filings.
** Provision made/ (written back) during the year includes reversal of ₹ NIL (31 March 2019: ₹ 1,774.10 lacs) for sale of non performing assets

45 Additional disclosures for the Housing Finance Companies pursuant to NHB circular no. NHB/ND/DRS/Pol-No. 35/2010-11 dated 11 October 2010:

	As at 31 March 2020	As at 31 March 2019
(a) Capital to Risk Assets Ratio (CRAR)*		
(i) CRAR (%)	35.99	34.98
(ii) CRAR -Tier I Capital (%)	30.56	26.82
(iii) CRAR -Tier II Capital (%)	5.43	8.16
(iv) Amount of subordinated debt raised as Tier- II Capital	9,939.18	9,925.06
(v) Amount raised by issue of Perpetual Debt Instruments	-	-
(b) Exposure to real estate sector, both direct and indirect		
(i) Direct exposure- (net of provisions for non performing assets)		
1 Residential mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
(a) Housing loans up to ₹ 15 lacs	89,982.90	62,811.24
(b) Housing loans greater than ₹ 15 lacs	64,823.47	57,312.80
(c) Others	70,805.10	54,951.00
Total	**225,611.47**	**175,075.04**
2 Commercial real estate** Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	2,600.07	3,935.10
3 Investments in Mortgage Backed Securities (MBS) and other securitized exposures***		
(a) Residential,	-	-
(b) Commercial real estate	721.37	983.33
(ii) Indirect Exposure		
1 Fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-
2 Non-fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-

*In pursuant to RBI circular dated RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020, CRAR have been calculated with securitisation transaction being treated as zero risk weighted assets for the current year compared to off balance sheet assets for the previous year. The unrealised gains is not a part of reserves for the current year compared to previous year.
** Commercial Real estate - Residential housing
***It is included in "Other Financial Assets"

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46 Disclosure required in terms of the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 of NHB as on 9th February 2017.

	As at 31 March 2020	As at 31 March 2019
(a) Investments		
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India*	-	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India*	-	-
(b) Outside India	-	-
*Security Receipts of ₹ 721.37 lacs (31 March 2019 ₹ 983.33 lacs) included in "Other Financial Assets"		
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

(b) Derivatives

The Company does not have any exposure to derivatives as at 31 March 2020 and 31 March 2019 including forward rate agreement / interest rate swap, exchange traded interest rate (IR) derivatives. The Company does not have any Disclosures (qualitative and quantitative) on Risk Exposure in Derivatives as at 31 March 2020 and 31 March 2019.

(c) Disclosures relating to securitisation*

(i) Outstanding amount of Securitized assets as per books of the SPVs #		
1 No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions **	4	3
2 Total amount of securitized assets as per books of the SPVs sponsored	17,055.28	17,340.11
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	1,293.61	1,057.90
Others	653.68	680.25
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	1,235.92	1,000.21
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	5,328.85	4,855.35
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

* Securitisation(PTC) transaction do not meet the de-recognition criteria under Ind AS and accordingly are recognized on books. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the limited purpose of disclosure.

** 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.

(d) Details of Financial Assets sold to securitisation / Reconstruction Companies		
(i) No of Accounts	-	195.00
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	2,714.95
(iii) Aggregate consideration	-	2,342.62
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	-	(372.33)

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46 Disclosure required in terms of the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 of NHB as on 9th February 2017 (cont'd)

	As at 31 March 2020	As at 31 March 2019
(e) Details of the net book value of investments in security receipts:		
(i) Backed by NPAs sold by the Company as underlying*	-	-
(ii) Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying	-	-
*Security Receipts of ₹ 721.37 lacs (March 2019 ₹ 983.33 lacs) included in "Other Financial Assets"		
(f) Details of Assignment transactions undertaken by HFCs		
(i) No of Accounts	4,957	2,615
(ii) Aggregate value (net of provisions) of accounts assigned	51,142.21	29,308.71
(iii) Aggregate Consideration	51,142.21	29,308.71
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

(g) Details of non-performing financial assets purchased:
The Company did not purchase any non-performing financial assets during the year ended 31 March 2020 and 31 March 2019.

(h) Details of Non-performing Financial Assets sold:		
(i) No of Accounts sold	-	195
(ii) Aggregate outstanding (net of provisions)	-	2,714.95
(iii) Aggregate Consideration received	-	2,342.62

(i) Exposure to capital market
The Company does not have any exposure to capital market as at the financial year ended 31 March 2020 and 31 March 2019.

(j) Details of financing of parent company products
The Company has not financed any products of parent company in the financial year ended 31 March 2020 and 31 March 2019.

(k) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC
The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2020 and 31 March 2019.

(l) Unsecured advances
The Company has not given any advances against intangible securities such as charge over the rights, licenses, authority, etc. in the financial year ended 31 March 2020 and 31 March 2019.

(m) Registration obtained from other financial sector regulators
The Company has not obtained any registration from other financial sector regulators other than NHB.

(n) Disclosure of Penalties imposed by NHB and other regulators

(i) NHB Vide Letter dated 14 October, 2019 levied a penalty of Rs. 5,000/- on account of noncompliance with the provisions of para 3.5.4 (b), for related to disclosure of details of non performing financial assets sold in the format prescribed.

(ii) NHB vide its letter dated 18 July, 2019 levied a penalty of Rs. 50,000/- for non- classification of third dwelling unit under Commercial Real Estate (CRE) category for three customers.

(o) Details of ratings assigned by credit rating agencies and migration of ratings during the year

Facilities	Name of rating agency	As at 31 March 2020	As at 31 March 2019
(i) Long term bank facilities	CARE	AA-	AA-
	ICRA	AA-	AA-
(ii) Secured non-convertible debentures	CARE	AA-	AA-
	ICRA	AA-	AA-
	BWR	AA	AA
(iii) PTC (on account of securitisation transaction)	ICRA	AA (SO)	AA (SO)
(iv) Commercial papers			CRISIL A1+

* Date of Rating assigned relates to rating valid on 31 March 2020

(p) Remuneration of Directors

Name of the non-executive directors	Nature of transaction	Year ended 31 March 2020	Year ended 31 March 2019
(i) Mamta Binani	Director sitting fee	5.30	4.70
(ii) Satya Brata Ganguly	Director sitting fee	4.70	3.70

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Magma Housing Finance Limited

(All amounts in ₹ lacs, unless otherwise stated)

46 Disclosure required in terms of the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 of NHB as on 9th February 2017 (cont'd)

(q) Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in profit and loss Account	Year ended 31 March 2020	Year ended 31 March 2019
Provision for depreciation on investment	-	-
Under "Employee Benefit Expenses"		
(i) Provision for compensated absences	72.74	56.78
(ii) Provision for gratuity	60.46	33.95
Under "Impairment for Loss Allowances"		
(i) Provision towards non-performing assets (NPAs)	408.74	(182.03)
(ii) Provision for standard assets	177.92	(519.78)
Under "Tax expenses"		
(i) Provision made towards Income tax (includes deferred tax)	1,163.72	1,298.77

(r) Provisions and contingencies

Break up of Loan and Advances and Provisions thereon	Housing	Non Housing	Housing	Non Housing
	As at 31 March 2020		As at 31 March 2019	
Standard Assets				
(i) Total outstanding amount	155,533.37	81,279.07	122,985.81	63,205.98
(ii) Provision made	691.81	628.06	672.84	471.40
Sub-Standard Assets				
(i) Total outstanding amount	1,618.60	1,541.38	1,299.74	1,085.67
(ii) Provision made	626.88	634.67	387.30	239.97
Doubtful Assets-Category-I				
(i) Total outstanding amount	356.03	167.87	641.97	206.20
(ii) Provision made	143.34	67.67	414.24	33.57
Doubtful Assets-Category-II	-	-		
(i) Total outstanding amount	121.08	79.30	-	135.59
(ii) Provision made	51.80	38.74	-	79.30
Doubtful Assets-Category-III				
(i) Total outstanding amount	-	-	-	-
(ii) Provision made	-	-	-	-
Loss Asset				
(i) Total outstanding amount	-	-	-	-
(ii) Provision made	-	-	-	-
Total				
(i) Total outstanding amount	**157,629.08**	**83,067.62**	**124,927.52**	**64,633.44**
(ii) Provision made	**1,513.83**	**1,369.14**	**1,474.38**	**824.24**

(s) Draw down from Reserves

The Company has not drawn any amount from Reserves during the financial year ended 31 March 2020 and 31 March 2019 respectively.

(t) Concentration of Public Deposits, Advances, Exposures and NPAs.

(i) Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

The Company has not taken any public deposits during the financial years ended 31 March 2020 and 31 March 2019 respectively.

(ii) Concentration of Loans and Advances	As at 31 March 2020	As at 31 March 2019
Total Loans and Advances to twenty largest borrowers	7,523.84	7,789.64
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	3.13%	4.11%

(iii) Concentration of all Exposures (including off-balance sheet exposure)

Total Exposure to twenty largest borrowers / customers	7,438.20	7,624.16
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the HFC on borrowers / customers	3.08%	4.02%

(iv) Concentration of NPAs

Total Exposure to top ten NPA accounts	806.57	1,231.48

(v) Sector-wise NPAs

Sector	% of NPAs to Total Advances in that sector As at 31 March 2020	As at 31 March 2019
(A) Housing Loan		
1 Individuals	1.14%	0.97%
2 Builders/Project Loans	12.09%	15.85%
3 Corporates	-	25.69%
4 Others (specify)	-	-
(B) Non-Housing Loan		
1 Individuals	2.21%	2.27%
2 Builders/Project Loans	-	-
3 Corporates	0.70%	-
4 Others (specify)	-	-

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Magma Housing Finance Limited

46 Disclosure required in terms of the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 of NHB as on 9th February 2017 (cont'd)

	As at 31 March 2020	As at 31 March 2019
(u) Movement of NPAs		
i) Net NPAs to Net Advances (%)	0.97%	1.18%
ii) Movement of NPAs (Gross)		
a) Opening balance	3,369.17	7,890.79
b) Additions during the year	3,045.06	2,052.44
c) Reductions during the year	(2,529.96)	(6,574.06)
d) Closing balance	3,884.27	3,369.17
iii) Movement of Net NPAs		
a) Opening balance	2,214.79	4,612.68
b) Additions during the year	1,659.99	1,500.35
c) Reductions during the year	(1,553.60)	(3,898.24)
d) Closing balance	2,321.18	2,214.79
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,154.38	3,278.11
b) Provisions made during the year	1,385.07	552.09
c) Write-off / (write-back) of excess provisions	(976.36)	(2,675.82)
d) Closing balance	1,563.09	1,154.38

(v) Overseas Assets

The Company does not have any overseas assets as at 31 March 2020 and 31 March 2019

(w) Off- Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have any exposure to off balance sheet SPVs sponsored as at 31 March 2020 and 31 March 2019

	Year ended 31 March 2020	Year ended 31 March 2019
(x) Customer Complaints		
(i) No. of complaints pending at the beginning of the year	3	-
(ii) No. of complaints received during the year	7	15
(iii) No. of complaints redressed during the year	10	12
(iv) No. of complaints pending at the end of the year	-	3

47 COVID 19

COVID-19, a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The Company's business is expected to be impacted by lower lending opportunities and decline in collection efficiencies. The impact of Covid 19 on Company's result remain uncertain and dependent on extent of spread of Covid 19, steps taken by the Government and central bank to mitigate the economic impact, steps taken by the Company and the time it takes for economic activities to resume at normal levels as a result of which, actual results may differ. The Company's capital and liquidity position remains strong and would continue to be the focus area for the Company.

In accordance with the Reserve Bank of India ("the RBI") guidelines relating to COVID-19 Regulatory Package dated 27 March, 2020 and 17 April, 2020, the Company has granted moratorium upto 3 months on payment of all installments and/ or interest, as applicable, falling due between 1 March, 2020 and 31 May, 2020 to all the eligible borrowers as per the Company's policy. For all such loans where moratorium is granted, the Company has kept ageing of such loans and their asset classification standstill during the moratorium period. The Company is yet to assess the impact of the extension of the moratorium announced by the RBI on 22 May 2020.

The Company has recognized provisions as on 31 March 2020 towards its loan assets, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. The Company has made an additional provision aggregating to ₹ 735.34 lacs towards potential impact of the pandemic during the year ended 31 March 2020. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

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Magma Housing Finance Limited

48 (a) Additional disclosures for the Housing Finance Companies pursuant to RBI circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13.03.2020

Asset Classifications as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Differences between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	227,682.50	375.70	227,306.80	700.33	(324.63)
	Stage 2	9,129.94	944.18	8,185.76	258.41	685.77
Subtotal		236,812.44	1,319.88	235,492.56	958.74	361.14
Non Performing Assets (NPA)						
Substandard	Stage 3	3,159.98	1,261.54	1,898.44	474.00	787.54
				-		-
Doubtful- up to 1 year	Stage 3	523.90	211.01	312.89	130.97	80.04
1 to 3 years	Stage 3	200.39	90.54	109.85	80.16	10.38
More than 3 years	Stage 3			-		-
Subtotal for doubtful		724.29	301.55	422.74	211.13	90.42
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		3,884.27	1,563.09	2,321.18	685.12	877.97
Other items such as guarantees, loan commitments,etc, which are in the scope of Ind AS 109 but not covered under current income recognition, Asset Classification and Provisioning(IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	227,682.50	375.70	227,306.80	700.33	(324.63)
	Stage 2	9,129.94	944.18	8,185.76	258.41	685.77
	Stage 3	3,884.27	1,563.09	2,321.18	685.12	877.97
	Total	240,696.71	2,882.97	237,813.74	1,643.86	1,239.11

(b) Disclosures in respect of moratorium for the Housing Finance Companies, pursuant to RBI circular on COVID-19 - Regulatory Package

Due to the financial stress caused by the pandemic COVID-19, Reserve Bank of India (RBI) vide its circular on "COVID-19 – Regulatory Package" dated March 27, 2020 and April 17 2020, has permitted all financial institutions, including NBFCs, to grant moratorium to its customers on instalments of outstanding term loans falling due during the period from 1 March 2020 to 31 May 2020. Accordingly, Company has provided loan moratorium to borrowers as mentioned below:

a) Loan moratorium has been provided to 10704 number of borrowers having loan outstanding for ₹ 86,027.10 lacs as on 29 February 2020. This is based on the borrower consent received upto 2 May 2020. Request received after this date would be factored in the subsequent financial year.

b) Out of the above, in respect of 230 borrowers, having loan outstanding of Rs. 2,525.60 lacs, would have become NPAs as of 31st March 20, had loan moratorium not been provided.

c) Provisions held as on 31 March, 2020 in respect of loans for which moratorium has been given is Rs. 1,087.51 lacs

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Magma Housing Finance Limited ★

49 **Asset Liability Management:**

Maturity pattern of certain items of assets and liabilities as at 31 March 2020

(₹ in lacs)

	Upto 1 month	Over 1 Months upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Year to 7 Years	Over 7 Year to 10 Years	Over 10 Years	Total
Liabilities											
Borrowings from banks *	1,350.82	962.55	5,030.39	7,192.43	54,015.27	50,375.31	30,537.38	21,782.16	17,516.38	4,024.80	192,787.48
Market borrowings **	-	-	-	2,502.07	-	2,989.85	-	-	-	-	5,491.93
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	
Assets	-	-	-	-	-	-	-	-	-	-	
Advances	3,274.27	2,787.30	5,635.71	10,012.95	20,327.66	72,788.22	48,997.57	33,418.39	32,421.25	10,239.97	239,903.31
Investments***	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

* Includes Cash credit facilities and working capital demand loans from banks which 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. It also includes loan from PTC investors. Borrowings and advances are inclusive of interest accrued thereon.

** Includes secured redeemable non-convertible debentures.

***Security Receipts of ₹ 721.37 lacs (March 19 ₹ 983.33 lacs) included in "Other Financial Assets"

Disclosure required in terms of the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 of NHB as on 9th February 2017.

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Magma Housing Finance Limited *

50 Additional disclosures for the Housing Finance Companies pursuant to NHB circular no. NHB(ND)/ DRS/Pol. Circular.61/ 2013-14 dated April 7, 2014:

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act ("NHB Act"), 1987	1,587.63	1,247.63
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	2,812.37	2,462.37
c) Total	**4,400.00**	**3,710.00**
Additions/Appropriation/Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	572.97	340.00
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	280.00	350.00
Less:		
a) Amount appropriated from the Statutory reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special reserve u/s 36(1)(viii) Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory reserve u/s 29C of the NHB Act, 1987	2,160.60	1,587.63
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	3,092.37	2,812.37
c) Total	**5,252.97**	**4,400.00**

51 Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities

Claims against the Company not acknowledged as debt		
(i) Service tax matters under dispute	80.72	80.72
(ii) Legal cases against the company	1.95	-
Guarantees *	750.00	-

* During the year the Company has issued a bank guarantee of Rs. 750 lakhs in order to comply with the conditions for availing loans from NHB.

(b) Commitments

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	61.82	7.19
(ii) Undisbursed housing / other loans	13,157.10	12,850.15

(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/Ind AS/NHB Regulations for material foreseeable losses on such long term contracts has been made in the books of account.

The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

(d) The Company has applied under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 in December 2019 to settle old service tax dispute matter. The department has accepted the application. Accordingly, the Company has paid the tax dues of Rs. 0.11 lacs under this Scheme in March 2020. The discharge certificate is yet to be received from the department.

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Magma Housing Finance Limited

52 Details of Corporate Social Responsibility ('CSR') expenditure

A CSR committee has been formed by the Company as prescribed under section 135 of the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the Act.

	Year ended 31 March 2020	Year ended 31 March 2019
Gross amount required to be spent by the Company during the year	84.64	61.96
Amount spent during the year	40.00	52.90
Construction/ acquisition of any assets	-	-
Purposes other than above	40.00	52.90
	40.00	**52.90**

53 Disclosures relating to fraud

During the year ended 31 March 2020, 11 cases (31 March 2019: 15 cases) of frauds have been detected and reported. The un-recovered amount aggregating to ₹ 339.35 lacs (31 March 2019: ₹ 594.71 lacs) have been fully provided for / written-off.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration no : 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place : Mumbai
Date : 09 June 2020

MUMBAI
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Priti Saraogi
Priti Saraogi
Company Secretary

Place : Kolkata
Date : 09 June 2020

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Sanjay Chamria
Chairman
(DIN: 00009894)

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Ian Gerard Desouza
Chief Financial Officer

Place : Mumbai
Date : 09 June 2020

Walker Chandiok & Co LLP
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Independent Auditor's Report

To the Members of Magma Housing Finance Limited
(Formerly Magma Housing Finance (A Public Company with Unlimited Liability)

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Magma Housing Finance Limited (Formerly Magma Housing Finance (A Public Company with Unlimited Liability)) ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
First time adoption of Ind AS framework Refer Note 2(a) for significant accounting policies and Note 41(c) for reconciliation As disclosed in Note 41 to the financial statements, the Company has adopted the Indian Accounting Standards notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) ('Ind AS') with effect from 1 April 2018 (1 April 2017 being the transition date) and prepared the first set of financial statements under Ind AS framework in the current year. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). This change in the financial reporting framework required an end-to-end evaluation of the potential impact on each component of the financial statement which involved significant efforts required the involvement of accounting experts by the management. This process also required the management to apply significant judgements to identify and elect appropriate accounting policies suitable for various transactions and balances relating to the operations of the Company including electing of available options for transition of balances as at transition date from the previous GAAP to the new GAAP. Further, the first time preparation of the Ind AS financial statements involved preparation and presentation of additional notes and disclosures as required by the Ind AS framework as compared to the previous GAAP in addition to Note 41(c) to the financial statements setting forth the reconciliation of balances from previous GAAP to the new GAAP as at the transition date, and the impact of restatement on the results of the comparative period due to such transition.	Our procedures in respect of the first time adoption of Ind AS financial reporting framework included, but not limited to, the following: • Obtained an understanding of management's processes and controls around adoption of Ind AS. We sought explanations from the management for areas involving complex judgements or interpretations to assess its appropriateness. • Reviewed the diagnostics performed by the management and their experts to assess the impact on Ind AS transition to the individual financial statement line items. • Reviewed the implementation of exemptions availed and options chosen by the Company in accordance with the requirements of Ind AS 101, First Time Adoption of Indian Accounting Standards (Ind AS 101). • Evaluated the accounting policies adopted by the Company on transition to Ind AS and assessed its appropriateness basis our understanding of the entity and its operations and the requirements of relevant accounting standards under the Ind AS framework. • Evaluated whether the presentation and disclosures in the financial statements are in accordance with the requirements of the applicable standards and regulatory requirements. • Evaluated the appropriateness and adequacy of disclosures with respect to the reconciliations prepared and presented by the management in the financial statements in accordance with Ind AS 101.

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Key audit matter	How our audit addressed the key audit matter
The areas where there was a significant impact on account of first time adoption of Ind AS; involved the following standards amongst others. a) Ind AS 109, Financial Instruments b) Fair Valuation of Loan Against Properties portfolio covered under Ind AS 113, Fair Value Measurement Considering the significance of the above transition with respect to the financial statements, the complexities and efforts involved, this matter has been identified as a key audit matter for the current year audit	
Impairment losses on loans assets Refer Note 2(f) of significant accounting policies and Note 39 for credit risk disclosures As at 31 March 2019, the Company has reported gross loan assets of ₹189,560.98 lacs against which an impairment loss of ₹2298.62 lacs has been recorded The calculation of impairment losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows. ➢ If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. ➢ If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. ➢ If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. • Assessed and tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the modelling process, validation of data and related approvals. • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers. We have also examined, on a

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Key audit matter	How our audit addressed the key audit matter
The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to: ➢ determining the criteria for a significant increase in credit risk ➢ factoring in future economic assumptions ➢ techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, other historical data and macro-economic factors. Considering the significance of the above matter to the financial statements and the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.	sample basis, data inputs to the discounted cash flow models, including the cash flow status of the borrowers, latest collateral valuations in supporting the estimation of future cash flows and present value. • Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the accounting standard and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages. • Performed an assessment of critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD) • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically. • Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 39 'Financial risk management' disclosed in the financial statements in accordance with the applicable accounting standards.
Fair valuation of identified Loan Against Properties ("LAP") portfolio Refer Note 2(e) of significant accounting policies on financial instruments and Note 38 for disclosures. As at 31 March 2019, the Company's loan portfolio comprising of 'Loan again Properties' ('LAP') consists of ₹64,633.46 lac which is 34.10% of the total loan portfolio of the Company	Our procedures in relation to valuation assessment for loan against properties included, but were not limited to the following: • Assessed and tested the design and operating effectiveness of the key controls over the accuracy of the key inputs and assumptions considered for valuation of LAP portfolio. Further, examined and evaluated the controls over the use of unobservable inputs.

Key audit matter	How our audit addressed the key audit matter
The fair value of Company's LAP portfolio is determined by applying valuation techniques which often involve exercise of judgement by the valuer and use of assumptions, estimates and valuation models. The fair value involves highly uncertain estimates where significant valuation inputs are unobservable inputs, i.e. based on "Level 3 inputs". The Company has engaged valuation experts for valuation of LAP portfolio in order to arrive at the fair value using income method wherein the future cash flows have been discounted at an arm's length interest rate for similar loans. The arm's length interest rate has been determined by computing the weighted average interest rate charged by the Company for new loans disbursed under each customer category (including a separate category of high credit customers) based on independent assessment of the credit risk of the customers and the overall market environment. Considering the significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the future cash flows which are used in the fair valuation methodology, we have determined fair valuation of LAP portfolio as a key audit matter for the current year audit.	• Assessed the valuation methodology adopted by the management's valuation expert to understand the assumptions used in the valuation approach where in the future cash flows have been discounted. • Assessed the management expert's qualifications and expertise and read their terms of engagement with the Company to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. • Assessed the appropriateness of valuation methodology adopted, discount rate applied, long-term growth rate considered by benchmarking against available independent data and tested the reconciliation of input data used in the cash flow forecasts to supporting evidence, such as approved budgets and considering the reasonableness of those budgets. • Assessed the appropriateness and accuracy of the related presentation and disclosures of Note 38 "Financial Instruments" disclosed in the financial statements in accordance with the applicable accounting standards.
Information Technology system for the financial reporting process: The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations. Further, the Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy,	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting

Key audit matter	How our audit addressed the key audit matter
completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements, we have determined the same as a key audit matter for current year audit	• Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above. • Tested IT general controls particularly, logical access, change management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization. • Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report

   Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The comparative financial information for the transition date opening balance sheet as at 1 April 2017 prepared in accordance with Ind AS included in these financial statements, is based on the previously issued statutory financial statements for the year ended 31 March 2017 prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose report dated 03 May 2017 expressed an unmodified opinion on those financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Further, the Company had prepared a separate set of statutory financial statements for the year ended 31 March 2018 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's report to the shareholders of the Company dated 30 April 2018. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act

17. 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 paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 financial statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid financial statements comply with the Ind AS prescribed under Section 133 of the Act;

e. on the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;

f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 08 May 2019 as per Annexure B expressed our unmodified opinion on adequacy and operative effectiveness of internal controls over financial reporting; 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in Note 50 to the financial statements, has disclosed the impact of pending litigations on its financial position;

   ii. the Company did not have any long-term contracts including derivatives contract for which there were any material foreseeable losses;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 08 May 2019

Annexure A to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)], on the financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.

(ii) The Company is a housing finance company, primarily engaged in the business of lending for housing loans and does not hold any inventories. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has granted secured loan to a party covered in the register maintained under section 189 of the Act, and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such party.

(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 security covered under section 185 of the Act. In our opinion, the Company has not undertaken any transaction in respect of investments, guarantees and security covered under section 186 of the Act. Further, in our opinion, the Company has complied with the provisions of section 186 of the Act in respect of loans given.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

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Annexure A (Contd)

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, except for delays upto 315 days with respect to deposit of professional tax with appropriate authorities due to pending registration. This was subsequently regularized during the year ended 31 March 2019 after the registration was obtained, except for two branches. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount paid under protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	80.72	12.00	2005-06 to 2008-09	CESTAT, Chennai

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to any financial institution or government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the Company has applied the term loans for the purposes for which these were raised.

(x) According to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year except for instances of loan disbursements based on forged documents, in collusion with the customers aggregating to ₹ 280.08 lacs, which has been fully provided for. The services of the concerned employees have been terminated by the Company.

(xi) Managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS

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Annexure A (Contd)

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No : 105117

Place: Mumbai
Date: 08 May 2019

Annexure B to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited (Formerly Magma Housing Finance (A Public Company with Unlimited Liability)), on the financial statements for the year ended 31 March 2019

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1 In conjunction with our audit of the financial statements of Magma Housing Finance Limited (Formerly Magma Housing Finance (A Public Company with Unlimited Liability)) ("the Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as that date.

Management's Responsibility for Internal Financial Controls

2 The Company's Board of Directors 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 (the "Guidance Note") 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 the company's 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 Act.

Auditors' Responsibility

3 Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.

5 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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

Walker Chandiok & Co LLP Mumbai Chartered Accountants

Annexure B (Contd)

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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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 issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No: 105117

Place: Mumbai
Date: 08 May 2019

Magma Housing Finance Limited
(Formerly Magma Housing Finance (A Public Company with Unlimited Liability))
Balance Sheet as at 31 March 2019
(All amounts in ₹ lacs, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial Assets				
Cash and cash equivalents	3	357.48	359.76	268.67
Other bank balances	4	2,058.19	-	-
Loans	5	187,270.17	141,605.46	153,305.46
Other financial assets	6	5,435.25	5,053.02	3,990.41
		195,120.79	147,529.88	157,864.33
Non-financial Assets				
Current tax assets (net)	7	17.89	114.30	231.63
Property, plant and equipment	8	70.73	44.83	47.21
Capital work-in-progress	9	31.05	-	-
Other intangible assets	10	56.04	76.92	92.17
Other non-financial assets	11	981.72	661.09	397.36
		1,158.23	901.07	770.37
Total Assets		196,279.02	148,430.95	158,634.50
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Payables	12			
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises			-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		414.34	346.38	142.95
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		973.45	779.02	526.01
Debt securities	13	32,971.28	10,455.07	10,437.65
Borrowings (other than debt securities)	14	115,443.72	92,607.09	115,605.64
Subordinated liabilities	15	9,925.06	-	-
Other financial liabilities	16	20,101.31	11,330.29	4,349.19
		160,414.16	115,510.88	129,505.14
Non-financial Liabilities				
Current tax liabilities (net)	17	95.91	280.08	86.46
Provisions	18	67.58	51.29	72.43
Deferred tax liabilities (net)	19	339.15	708.89	509.06
Other non-financial liabilities	20	1,596.62	855.87	1,249.24
		2,098.46	1,896.05	1,813.11
EQUITY				
Equity share capital	21	14,810.25	14,810.25	14,810.25
Other equity	22	19,275.75	16,413.77	12,508.00
		34,086.00	31,224.02	27,318.25
Total Liabilities and Equity		196,279.02	148,430.95	158,634.50

Notes 1 to 52 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration no.: 001076N/N500013

Manish Gupta
Partner
Membership No.: 095117

Place : Mumbai
Date : 08 May 2019

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07359941)

Ian Gerard Desouza
Chief Financial Officer

Place : Mumbai
Date : 08 May 2019

Sanjay Chamria
Chairman
(DIN: 00009894)

Priti Saraogi
Company Secretary

Magma Housing Finance Limited
(Formerly Magma Housing Finance (A Public Company with Unlimited Liability))
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in ₹ lacs, unless otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations			
Interest income	23	22,342.04	19,816.24
Fees and commission income	24	829.55	785.83
Net gain on fair value changes	25	-	233.49
Net gain on derecognition of financial instruments	26	979.51	2,281.48
Total Revenue from operations		24,151.10	23,117.04
Other income	27	525.61	222.84
Total income		24,676.71	23,339.88
Expenses			
Finance costs	28	11,334.24	10,392.12
Net loss on fair value changes	25	118.82	-
Impairment on financial instruments	29	298.67	1,535.92
Employee benefits expenses	30	5,099.61	4,653.60
Depreciation, amortization and impairment	31	30.74	21.66
Other expenses	32	3,094.35	1,547.42
Total Expenses		19,976.43	18,150.72
Profit before tax		4,700.28	5,189.16
Tax expense			
Current tax	33	835.00	1,095.00
Deferred tax		470.45	717.14
Prior year taxes		(6.68)	(2.39)
		1,298.77	1,809.75
Profit for the year		3,401.51	3,379.41
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
(i) Re-measurements benefits of the defined benefit plans		(19.78)	5.83
(ii) Income tax relating to these items		7.20	(2.30)
		(12.58)	3.53
(b) Items that will be reclassified to profit or loss			
(i) Changes in fair valuation of financial assets (loan against properties)		(931.31)	801.16
(ii) Income tax relating to these items		293.03	(278.53)
		(638.28)	522.63
Other comprehensive income		(650.86)	526.16
Total comprehensive income for the year		2,750.65	3,905.57
Earnings per equity share			
Basic (₹)	34	2.30	2.38
Diluted (₹)		2.27	2.28

Notes 1 to 52 form an integral part of these financial statements.
This is the Statement of Profit and Loss referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gupta
Partner
Membership No.: 095113

Place: Mumbai
Date: 08 May 2019

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Sanjay Chamria
Chairman
(DIN: 00009894)

Ian Gerard Desouza
Chief Financial Officer

Priti Saraogi
Company Secretary

Place: Mumbai
Date: 08 May 2019

Magma Housing Finance Limited
(Formerly Magma Housing Finance (A Public Company with Unlimited Liability))
Statement of Cash Flows for the year ended 31 March 2019
(All amounts in ₹ lacs, unless otherwise stated)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A.	Cash flow from operating activities		
	Profit before tax	4,704.28	5,393.16
	Adjustments for:		
	Depreciation and amortisation expense	39.74	21.85
	Net gain/(loss) on financial instruments at fair value through profit or loss	116.82	(215.49)
	Allowance for impairment loss	294.43	1,035.92
	Miscellaneous receipts	(251.63)	
	Liability no longer required written back	(432.52)	(7.42)
	Share based payments to employees	111.15	
	Operating profit before working capital changes	4,881.47	6,947.62
	Adjustment for change in working capital:		
	(Increase)/Decrease in loans	(46,493.84)	10,566.24
	(Increase) in other financial assets	(520.70)	(812.21)
	(Increase) in other non financial assets	(145.52)	(273.87)
	Increase in trade and other payables	450.84	906.77
	Increase in other financial liabilities	8,037.02	6,581.64
	Increase in other bank balances	(2,058.19)	-
	Increase/(Decrease) in other non financial liabilities	246.75	(49.54)
	Decrease in provisions	(1.68)	(15.71)
	Cash generated from/(used in) operating activities	(35,807.16)	22,165.83
	Income tax paid (Net of refunds)	(252.20)	(1,157.19)
	Net cash generated from/(used in) operating activities (A)	(36,059.36)	21,008.63
B.	Cash flow from investing activities		
	Purchase of property plant and equipment, including CWIP and capital advances	(69.57)	(3.29)
	Purchase of intangible assets		(4.36)
	Net cash generated from/(used in) investing activities (B)	(69.57)	(7.65)
C.	Cash flow from financing activities		
	Debt securities issued	6,500.00	
	Debt securities repaid	(4,000.00)	
	Amount borrowed other than debt securities	231,066.02	109,453.05
	Amount repaid other than debt securities	(208,003.69)	(130,697.13)
	Loan received from holding company	35,000.00	
	Loan repaid to holding company	(35,000.00)	
	Subordinated debt taken	15,000.00	-
	Net cash generated from/(used in) financing activities (C)	35,596.33	(21,240.38)
	Net increase/(Decrease) in cash and cash equivalents (A+B+C)	(532.60)	120.91
	Cash and cash equivalents at the beginning of the year	889.78	768.87
	Cash and cash equivalents at the closing of the year	357.18	889.78
	Components of cash and cash equivalents		
	Cash on hand	0.44	0.41
	Balances with banks in current accounts	356.74	889.37
		357.18	889.78

Notes:
(i) The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".

This is the Statement of Cash Flows referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 08 May 2019

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07159441)

Sanjay Chamria
Chairman
(DIN: 00009894)

Jin Gandhi Desai
Chief Financial Officer

Priti Saraogi
Company Secretary

Place: Mumbai
Date: 08 May 2019

Magma Housing Finance Limited
[Formerly Magma Housing Finance (A Public Company with Unlimited Liability)]
Statement of Changes in Equity
(All amounts in ₹ lacs, unless otherwise stated)

A. Equity share capital

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the reporting period	14,810.25	14,810.25
Changes in equity share capital during the year	-	-
Balance at the end of the reporting period	**14,810.25**	**14,810.25**

B. Other Equity

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Statutory reserve	Retained earnings	Share option outstanding reserve	Debt instruments through Other Comprehensive Income	
Balance as at 1 April 2017	**3,240.00**	**9,546.69**	-	**(278.69)**	**12,508.00**
Profit for the year	-	3,379.41	-	-	3,379.41
Items of other comprehensive income, net of tax					-
- Re-measurements of defined benefit plans	-	3.73			3.73
- Changes in fair value of financial assets (loan against properties)	-		-	522.63	522.63
Transfer to statutory reserve	470.00	(470.00)	-	-	-
Balance as at 31 March 2018	**3,710.00**	**12,459.83**	-	**243.94**	**16,413.77**
Profit for the year	-	3,801.51	-	-	3,801.51
Items of other comprehensive income, net of tax					
- Re-measurements of defined benefit plans	-	(12.58)			(12.58)
- Changes in fair value of financial assets (loan against properties)	-	-	-	(638.28)	(638.28)
Transfer to statutory reserve	690.00	(690.00)	-	-	-
Employee stock option expense	-	-	111.35	-	111.35
Balance as at 31 March 2019	**4,400.00**	**15,558.76**	**111.35**	**(394.34)**	**19,675.77**

Notes 1 to 52 form an integral part of these financial statements
This is the Statement of Statement of Changes in Equity referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration no.: 001076N/N500013

Manish Gupta
Partner
Membership No.: 105117

Place : Mumbai
Date : 08 May 2019

For and on behalf of the Board of Directors
Magma Housing Finance Limited

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07830441)

Sanjay Chamria
Chairman
(DIN: 00009894)

Ian Gerard Dsouza
Chief Financial Officer

Priti Saraogi
Company Secretary

Place : Mumbai
Date : 08 May 2019

Magma Housing Finance Limited
[Formerly Magma Housing Finance (A Public Company with Unlimited Liability)]
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
(All amounts in ₹ lacs, unless otherwise stated)

Note 1
Company Overview:

Magma Housing Finance Limited ("MHF", or, "the Company") was incorporated on 21 April 2004 under the provisions of Companies Act, 1956, to carry on the business of housing finance in India. The Company was registered as a non-deposit taking housing finance company with the National Housing Bank ("NHB") in October 2004. The Company commenced business operations in November 2004. On 11 February 2013, 100% shares of the Company were acquired by Magma Advisory Services Limited. Magma Advisory Services Limited was subsequently merged with Magma Fincorp Limited with effect from 1 April 2017, consequent to which the Company became a wholly owned subsidiary of Magma Fincorp Limited. During the Financial Year 2018-19, the Company has shifted its registered office from New Delhi to Kolkata.

Note 2
Significant Accounting Policies And Key Accounting Estimates And Judgements:

a) Basis of preparation
The financial statements for the year ended 31 March 2019 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act 2013 ("the Act"), read together with Companies (Indian Accounting Standards) Rules, 2016 (as amended), the provisions of the Act (to the extent notified and applicable) and the directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 (as amended) ("the NHB guidelines") issued by the NHB.
For all periods up to and including the year ended 31 March 2018, the Company has prepared its financial statements in accordance with Accounting Standards notified under the section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) ("Previous GAAP"). These financial statements for the year ended 31 March 2019 are the first financials with comparatives prepared in accordance with Ind AS. Detailed explanation on how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, financial performance and cash flows is given in Note 41
These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.
The accounting policies have been applied consistently over all the periods presented in these financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS

b) Property, Plant and Equipment
Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets
Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

<u>Depreciation:</u>
Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as prescribed in Schedule II to the Act. Depreciation is calculated on a pro-rata basis from the date of installation till date the assets are sold or disposed.
Leasehold improvements are amortised over the underlying lease term on a straight line basis.

<u>De-recognition:</u>
The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognised

<u>Transition to Ind AS</u>
The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e. 01 April 2017.

Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

c) Intangible assets

Measurement at recognition:

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment cost, if any.

Amortisation:

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.

De-recognition:

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognised.

Transition to Ind AS:

The Company had elected to consider the carrying value of all its intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e. 01 April 2017.

d) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If, at the reporting 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. Impairment losses previously recognized are accordingly reversed in the Statement of Profit and Loss.

e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

<u>Initial recognition and measurement</u>

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classifications

Financial assets

On initial recognition, a financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL'), depending on the contractual cash flow characteristics of the financial assets and the Company's business model for managing the financial assets. Subsequently, financial instruments are measured according to the category in which they are classified.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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Magma Housing Finance Limited

Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

Financial assets at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortized cost or as FVOCI, is classified as at FVTPL.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost, as appropriate.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Derecognition of financial assets and financial liabilities

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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Magma Housing Finance Limited

Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

f) Impairment of Financial Assets

The Company recognises impairment allowances using Expected Credit Loss ("ECL") method on all the financial assets that are not measured at FVTPL.

ECL are probability weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date
- Financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows
- undrawn loan commitments – as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets at FVTOCI, the loss allowance is recognised in OCI

Financial assets are written off/fully provided for when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit or Loss.

g) Fair value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

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Magma Housing Finance Limited

Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

h) Revenue recognition

Interest income:

Interest income from financial assets (assets on finance) is recognised on accrual basis using Effective Interest Rate ("EIR") method. The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset adjusted for upfront expenses and incomes attributable to the acquisition of the financial asset. The interest income is recognised on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

Overdue interest and other charges are treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

Interest on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate.

Security Receipts:

Fair value changes from security receipts is recognized in the revenue from operations.

Income from assignment transactions

Income from direct assignment transactions represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de recognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI

Dividend income:

Dividend is recognised when the right to receive the dividend is established

Other income:

Recovery from bad debts written off is recognised as income on actual realisation from customers

In case of sale of non-performing asset, any excess or shortfall is recognised in line with Ind-AS and RBI guidelines.

All other items of income are accounted for on accrual basis.

i) Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs are charged to the Statement of Profit and Loss on accrual basis as per the EIR method.

Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

j) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income-tax Act, 1961 ("the IT Act"). Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the IT Act.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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Magma Housing Finance Limited

Magma Housing Finance Limited

[Formerly Magma Housing Finance (A Public Company with Unlimited Liability)]

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lacs, unless otherwise stated)

Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

k) Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

l) Cash and cash equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

m) Employee Benefits

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

a. Defined contribution plans.

Defined contribution plans are provident fund scheme, employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans:

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Magma Housing Finance Limited

Magma Housing Finance Limited

[Formerly Magma Housing Finance (A Public Company with Unlimited Liability)]

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lacs, unless otherwise stated)

Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

b. Defined benefit plans:

- Gratuity scheme:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the financial statements. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of profit and loss as past service cost.

c. Other long-term employee benefits

- Compensated absences:

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

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

n) Share based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the requisite service period for each separately vesting portion of the award as if the award was in substance, multiple awards based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity

o) Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

p) Earnings per share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

For the purpose of calculating diluted earnings per share, net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

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Magma Housing Finance Limited

Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of providing financial services to customers in India.

r) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies:

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key sources of estimation uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

Note 39 - Impairment of financial instruments

Note 38 - determination of the fair value of financial instruments with significant unobservable inputs

Note 30 - measurement of defined benefit obligations: key actuarial assumptions

Note 19 - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used

Note 5 - determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised

Standards issued but not yet effective as on date

<u>Ind AS 116 Leases</u>

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 01 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is currently assessing the impact of adopting Ind AS 116 on the Company's financial statements.

Magma Housing Finance Limited

[Formerly Magma Housing Finance (A Public Company with Unlimited Liability)]

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

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Significant Accounting Policies And Key Accounting Estimates And Judgements (cont'd)

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019.

The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 12 – Income taxes:

On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequence of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 01 April 2019. The Company is evaluating the impact on account of this amendment.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

• to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 01 April 2019. The Company is evaluating the impact on account of this amendment.

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3 Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	0.40	0.40	0.40
Balances with banks			
- In Current Accounts	356.98	949.38	763.47
	357.38	949.78	763.87

4 Other bank balances

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
- In deposits with original maturity of less than 3 months*	2,058.19	-	-
	2,058.19	-	-

*Held as cash collateral for securitization of receivables.

5 Loans

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Amortised cost	At fair value through other comprehensive income (OCI)	Total	Amortised cost	At fair value through other comprehensive income (OCI)	Total	Amortised cost	At fair value through other comprehensive income (OCI)	Total
(A)									
(i) Term loans									
- Housing loans*	124,927.52	-	124,927.52	76,548.97		76,548.97	85,744.65	-	85,744.65
- Loan against properties	-	64,633.44	64,633.44	-	69,980.43	69,980.43	-	67,293.47	67,293.47
(ii) Loan repayable on demand**	-	-	-	-	-	-	3,500.00	-	3,500.00
(iii) Loans to staff	7.83	-	7.83	17.58	-	17.58	33.68	-	33.68
Total (A) - Gross	124,935.35	64,633.44	189,568.79	76,566.55	69,980.43	146,546.98	89,278.33	67,293.47	156,571.80
Less: Impairment loss allowance	1,474.38	824.24	2,298.62	3,362.90	1,578.00	4,940.90	2,449.74	1,017.01	3,466.75
Total (A) - Net	123,460.97	63,809.20	187,270.17	73,203.65	68,402.43	141,606.08	86,828.59	66,276.46	153,105.05
(B)									
(i) Secured by tangible assets	124,927.52	64,633.44	189,560.96	76,548.97	69,980.43	146,529.40	85,744.65	67,293.47	153,038.12
(ii) Unsecured	7.83	-	7.83	17.58	-	17.58	3,533.68	-	3,533.68
Total (B) - Gross	124,935.35	64,633.44	189,568.79	76,566.55	69,980.43	146,546.98	89,278.33	67,293.47	156,571.80
Less: Impairment loss allowance	1,474.38	824.24	2,298.62	3,362.90	1,578.00	4,940.90	2,449.74	1,017.01	3,466.75
Total (B) - Net	123,460.97	63,809.20	187,270.17	73,203.65	68,402.43	141,606.08	86,828.59	66,276.46	153,105.05
(C) Loans in India									
(i) Public sector	-	-	-	-	-	-	-	-	-
(ii) Others	124,935.35	64,633.44	189,568.79	76,566.55	69,980.43	146,546.98	89,278.33	67,293.47	156,571.80
Total (C) - Gross	124,935.35	64,633.44	189,568.79	76,566.55	69,980.43	146,546.98	89,278.33	67,293.47	156,571.80
Less: Impairment loss allowance	1,474.38	824.24	2,298.62	3,362.90	1,578.00	4,940.90	2,449.74	1,017.01	3,466.75
Total (C) - Net	123,460.97	63,809.20	187,270.17	73,203.65	68,402.43	141,606.08	86,828.59	66,276.46	153,105.05

* It includes loan given to related parties. For details refer Note - 37

** This represents the loan given to fellow subsidiary-Magma ITL Finance Limited which has been merged with Magma Fincorp Limited(holding company) with effect from 01 April 2017

(All amounts in ₹ lacs, unless otherwise stated)

6 Other financial assets

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Excess interest spread receivable	4,387.92	3,746.25	2,749.96
Security deposits	26.19	14.22	9.55
Security receipts	983.33	1,280.51	1,225.46
Others	46.31	0.90	11.21
	5,443.75	5,041.88	3,996.18
Less: Allowance for impairment loss	8.50	7.86	5.77
	5,435.25	5,034.02	3,990.41

7 Current tax assets (net)

Advance tax and tax deducted at source (net of provisions)	17.89	118.30	233.63
	17.89	118.30	233.63

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8 Property, plant and equipment

	Buildings	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Gross block					
Deemed cost as at 1 April 2017 (*)	20.08	8.11	4.97	14.05	47.21
Additions	-	1.63	0.22	-	1.85
Disposals/adjustments	-	-	-	-	-
Balance as at 31 March 2018	20.08	9.74	5.19	14.05	49.06
Additions	-	10.63	16.46	10.50	37.59
Disposals/adjustments	-	-	-		
Balance as at 31 March 2019	20.08	20.37	21.65	24.55	86.65
Accumulated depreciation					
Balance as at 1 April 2017	-	-	-	-	-
Depreciation charge for the year	0.36	0.96	0.98	1.94	4.24
Disposals/adjustments	-	-	-	-	-
Balance as at 31 March 2018	0.36	0.96	0.98	1.94	4.24
Depreciation charge for the year	0.36	4.30	3.47	2.55	10.68
Disposals/adjustments	-	-	-	-	-
Balance as at 31 March 2019	0.72	5.26	4.45	4.49	14.92
Net Block					
Balance as at 1 April 2017	20.08	8.11	4.97	14.05	47.21
Balance as at 31 March 2018	19.72	8.78	4.21	12.11	44.82
Balance as at 31 March 2019	19.36	15.11	17.20	20.06	71.73

*Represents deemed cost as on the date of transition to Ind AS. Gross block and accumulated depreciation have been netted off.

9 Capital work in progress

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital work in progress	31.05	-	-
	31.05	-	-

For contractual obligations, refer note 30 of capital commitment for acquisition of property, plant & equipment and other intangible assets.

10 Other intangible assets

	Computer Software
Gross block	
Deemed cost as at 1 April 2017 (*)	92.17
Additions	4.36
Disposals/adjustments	-
Balance as at 31 March 2018	96.53
Additions	-
Disposals/adjustments	-
Balance as at 31 March 2019	96.53
Accumulated amortisation	
Balance as at 1 April 2017	-
Amortisation for the year	19.61
Disposals/adjustments	-
Balance as at 31 March 2018	19.61
Amortisation for the year	20.08
Disposals/adjustments	-
Balance as at 31 March 2019	39.69
Net Block	
As at 1 April 2017	92.17
As at 31 March 2018	76.92
As at 31 March 2019	56.84

*Represents deemed cost as on the date of transition to Ind AS. Gross block and accumulated amortisation have been netted off.

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11 Other non-financial assets	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unamortised borrowing costs	62.65	65.43	67.93
Prepaid expenses	404.36	330.66	101.31
Balance with statutory/Government authorities	421.47	257.14	154.49
Gratuity (excess of plan assets over obligation)	-	16.13	9.46
Capital advances	3.54	1.61	0.17
	891.72	641.03	397.86

12 Payables			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises (Refer note (i) below)	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	478.94	348.38	142.95
	478.94	348.38	142.95
Other payables			
Total outstanding dues of micro enterprises and small enterprises (Refer note (i) below)	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	973.85	770.09	526.61
	973.85	770.09	526.61

Note: The Company has no dues to micro, small and medium enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2019, 31 March 2018 and 1 April 2017. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

13 Debt securities			
(Measured at Amortised Cost - Secured)			
Redeemable non-convertible debentures (refer notes (a) & (b) below)	12,971.38	10,455.03	10,437.85
Total	12,971.38	10,455.03	10,437.85
Debt securities in India	12,971.38	10,455.03	10,437.85
Total	12,971.38	10,455.03	10,437.85

(a) Nature of security
Debentures are (except for 650 nos of debentures allotted in February 19 & March 19 which are secured by exclusive first charge by way of hypothecation on the company's book debts and loan installments receivables along with pari-passu mortgage created over the immovable property situated at Barasat, Dist - 24 Parganas (N)) secured by first charge ranking pari-passu on the Company's book debts and loan installments receivables along with mortgage created over the immovable property situated at Barasat, Dist - 24 Parganas (N). The total asset cover is hundred percent or above of the principal amount of the said debentures.

(b) Terms of repayment for Secured redeemable non-convertible debentures

Number of Debentures	Face Value (₹ in lacs)	Month of Allotment	Month of Redemption	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
100	10	Mar-16	Mar-21	999.41	999.29	999.14
200	10	Mar-15	Mar-21	1,985.04	1,980.08	1,975.34
400	10	Feb-19	Feb-21	3,999.82	-	-
250	10	Mar-19	Sep-20	2,499.50	-	-
354	10	Mar-15	Mar-20	3,487.79	3,475.64	3,463.37
400	10	Feb-14	Apr-18	-	4,000.00	4,000.00
				12,971.38	10,455.03	10,437.85

The above debentures carry interest rates ranging from 10.00% p.a. to 11.40% p.a. (31 March 2018: from 10.00% p.a. to 10.55% p.a.; 1 April 2017: from 10.00% p.a. to 10.55% p.a.)

14 Borrowings (other than debt securities)			
(Measured at Amortised Cost)			
(Secured)			
(a) Term loans (refer note (a)(i) & (b)(i) below)			
- from banks	58,347.86	61,039.14	82,233.22
(b) Loan from FTIL Investors (refer note (a)(ii) & (b)(ii) below)	16,668.57	-	-
(c) Loans repayable on demand (refer note (a)(iii) & (b)(iii) below)			
- from banks	30,634.48	26,454.24	21,525.64
(Unsecured)			
(d) Commercial paper (refer note (b)(iv) below)	9,843.51	4,913.71	9,886.98
Total	115,443.72	92,407.09	113,645.84
Borrowings in India	115,443.72	92,407.09	113,645.84
Total	115,443.72	92,407.09	113,645.84

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Borrowings (other than debt securities) (Continued)

(a) **Nature of security**

(i) All term loans from banks (except for term loans which are secured by way of exclusive charge over receivables arising out of assets financed against the said term loan) are secured by way of first charge ranking pari-passu over the entire current assets, both present & future, including the entire book debts, loan instalments, receivables and underlying assets arising out of finance (except those assets exclusively financed by other loans) of the Company.

(ii) Term loans from PTC investors represent amounts received in respect of securitization transactions (net of repayments & investments therein) as these transactions do not meet the de-recognition criteria specified under Ind AS. These are secured by way of hypothecation of designated assets on finance receivables.

(iii) Cash credit facilities and working capital demand loans from banks are secured by way of first charge ranking pari-passu over the entire current assets, both present & future, including the entire book debts, loan instalments, receivables and underlying assets arising out of finance (except those assets exclusively financed by other loans) of the Company.

(b) **Terms of repayment**

(i) **Schedule of repayment for term loans from banks**

Frequency	Repayment commencing from	Repayment Maturity month	No. of instalments payable	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Monthly	Apr-20	Mar-24	48	15,000.00	-	-
Quarterly	Jun-16	Mar-25	28	4,256.49	4,990.82	4,990.06
Quarterly	Sep-17	Jun-24	25	3,738.63	4,490.51	4,979.05
Quarterly	Jun-19	Mar-23	16	7,389.47	7,445.13	-
Quarterly	Jun-17	Mar-21	12	5,000.00	7,500.00	10,000.00
Quarterly	Mar-17	Dec-20	11	8,740.54	13,746.64	18,735.28
Quarterly	Aug-17	May-20	9	2,082.95	3,748.80	4,997.54
Quarterly	Jun-17	Mar-20	8	4,999.12	9,991.84	19,990.73
Quarterly	Sep-16	Jun-19	5	155.90	4,166.25	7,498.71
Quarterly	Feb-17	Nov-20	0	-	-	2,541.02
Quarterly	Mar-20	Mar-23	9	4,960.27	-	-
Half Yearly	Jun-16	Dec-19	4	1,249.51	2,498.86	3,745.80
Half-yearly	Sep-15	Mar-19	2	-	2,498.58	4,995.25
				58,347.30	61,039.81	82,133.22

The above term loans carry interest rates ranging from 8.00% p.a. to 12.50% p.a. (31 March 2018: from 8.90% p.a. to 9.40% p.a., 1 April 2017: from 9.50% p.a. to 10.10% p.a.)

(ii) **Terms of maturity of Loans from PTC investors**

Maturity schedule	Interest rate range (p.a.) 31 March 2019	31 March 2018	01 April 2017	Amount 31 March 2019	31 March 2018	01 April 2017
> 5 years	9.75% - 9.90%	-	-	12,104.53	-	-
3 - 5 Years	9.75% - 9.90%	-	-	902.55	-	
1 - 3 Years	9.75% - 9.90%	-	-	1,432.41	-	
0 - 1 Years	9.75% - 9.90%	-	-	1,669.24	-	-
				16,108.73	-	-

(iii) The cash credit facilities are repayable on demand and carries interest rate at 8.90% p.a. to 14.70% p.a. (31 March 2018: from 8.95% p.a. to 10.30% p.a., 1 April 2017: from 9.50% p.a. to 10.50% p.a.)
Working capital demand loans are repayable on demand and carry interest rates ranging from 8.55% p.a. to 9.45% p.a. (31 March 2018: from 8.15% p.a. to 8.30% p.a., 1 April 2017: from 8.25% p.a. to 8.70% 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.

(iv) **Terms of repayment of commercial paper**

Number of units	Face Value (₹ in lacs)	Repayment Terms	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1,000	5	at Par	-	4,913.71	-
2,000	5	at Par	9,843.57	-	9,886.98
			9,843.57	4,913.71	9,886.98

Commercial papers carry interest rate ranging from 9.25% p.a. to 9.30% p.a. with maturity ranging between 2 months to 3 months (31 March 2018: from 7.50% p.a. to 8.50% p.a with maturity of 3 months, 1 April 2017: from 7.39% p.a. to 7.80 % p.a., with maturity ranging from 1 to 3 months)

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	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
15 Subordinated liabilities			
(Measured at Amortised Cost)			
Others (Un-secured)			
- From banks (subordinated debts)	9,925.06	-	-
Total	9,925.06	-	-
Subordinated liabilities in India	9,925.06	-	-
Total	9,925.06	-	-

(i) Terms of repayment of subordinated liabilities

Frequency	Repayment commencing from	Repayment Maturity date	No. of Instalments payable	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
On maturity	Mar-26	Mar-26	1	9,925.06	-	-
				9,925.06	-	-

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
16 Other financial liabilities			
Interest accrued	908.81	2,555.47	955.17
Payable to assignees on assigned transactions	5,516.11	1,554.57	1,937.56
Temporary overdraft from banks	14,076.39	7,260.45	1,857.56
	20,501.31	11,370.29	4,749.89
17 Current tax liabilities (net)			
Provision for tax (net of advance tax and TDS)	95.71	290.04	81.98
	95.71	290.04	81.98
18 Provisions			
Provision for employee benefits			
- Provision for gratuity	8.22	-	-
- Provision for compensated absences	59.16	31.29	72.83
	67.38	31.29	72.83
19 Deferred tax liabilities (net)			
Deferred tax liability arising on account of:			
Statutory reserve	808.94	860.45	715.20
Fair valuation of financial assets	3,115.75	1,520.71	951.31
Recognition of interest income of non performing assets	-	275.47	152.10
Depreciation reserve	12.01	16.66	19.45
Provision for expenses		6.34	-
	3,936.72	2,630.13	1,838.63
Deferred tax asset arising on account of:			
Impairment loss allowance on loan assets	671.04	1,729.65	1,201.76
Amortisation of transaction cost/income on assets on finance as per EIR model	271.15	35.57	45.75
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	136.06	94.37	78.51
Fair valuation of financial assets	0.52	0.00	147.41
Provision for expenses	19.00	62.11	75.94
	1,097.57	1,921.94	1,549.47
Total deferred tax liability (net)	2,839.15	708.89	289.16

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(All amounts in ₹ lacs, unless otherwise stated)

Deferred tax liabilities (net) (Continued)

i) Movement in deferred tax liabilities for year ended 31 March 2018

Particulars	As at 01 April 2017	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March 2018
Deferred tax liabilities for taxable temporary differences on:				
Statutory reserve	725.29	135.16	-	860.45
Fair valuation of financial assets	951.71	291.47	278.53	1,521.71
Recognition of interest income on NPA assets	132.18	91.49	-	223.67
Depreciation reserve	19.45	(0.79)	-	18.66
Provision for expenses	-	4.24	2.10	6.34
Total	1,828.63	521.57	280.63	2,630.83
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	1,201.70	527.59	-	1,729.29
Amortisation of transaction cost/income on assets on finance as per EIR model	15.75	19.82	-	35.57
Recognition/de-recognition of income and expenses pertaining to DA assets	28.51	66.26	-	94.77
Fair valuation of financial assets	147.61	(147.43)	-	0.18
Provision for expenses	75.84	(13.71)	-	62.13
Total	1,469.41	452.53	-	1,921.94
Deferred tax liabilities, net	359.22	69.04	280.63	708.89

ii) Movement in deferred tax liabilities for year ended 31 March 2019

Particulars	As at 01 April 2018	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March 2019
Deferred tax liabilities for taxable temporary differences on:				
Statutory reserve	860.45	(51.49)	-	808.96
Fair valuation of EIS receivables	1,521.71	(112.93)	(293.03)	1,115.75
Recognition of interest income of NPA assets	223.67	(223.67)	-	-
Depreciation reserve	18.66	(6.65)	-	12.01
Provision for expenses	6.34	0.86	(7.20)	-
Total	2,630.83	(393.88)	(300.23)	1,936.72
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	1,729.29	(1,057.45)	-	671.84
Amortisation of transaction cost/income on assets on finance as per EIR model	35.57	235.60	-	271.17
Recognition/de-recognition of income and expenses pertaining to DA assets	94.77	41.29	-	136.06
Fair valuation of financial assets	0.18	0.04	-	0.22
Provision for expenses	62.13	(43.85)	-	18.28
Total	1,921.94	(824.37)	-	1,097.57
Deferred tax liabilities, net	708.89	430.49	(300.23)	839.15

Note:
Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

20 Other non-financial liabilities	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advances from customers	865.28	757.21	1,281.85
Statutory dues	231.34	98.66	67.39
	1,096.62	855.87	1,349.24

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21 Equity share capital

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
Authorised share capital						
Equity shares of ₹ 10 each	200,000,000	20,000.00	200,000,000	20,000.00	200,000,000	20,000.00
	200,000,000	20,000.00	200,000,000	20,000.00	200,000,000	20,000.00
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	148,102,500	14,810.25	148,102,500	14,810.25	148,102,500	14,810.25
	148,102,500	14,810.25	148,102,500	14,810.25	148,102,500	14,810.25

(a) Reconciliation of the number of equity shares outstanding and the amount of share capital
There is no movement in the equity share capital during the current and comparative periods.

(b) Terms and rights attached to equity shares
The Company has only one class of equity shares having a par value of ₹ 10 each. Each shareholder of the Company is entitled to one vote per share. The dividend as and when proposed by the Board of Directors will be subject to the approval of the shareholders to be obtained in the Annual General Meeting, which shall be paid in Indian rupees. In the event of liquidation of the Company, the equity shareholders of the Company are entitled to receive the remaining assets of the Company after discharging all liabilities of the Company in proportion to the number of equity shares held by the equity shareholders. Dividend on shares is recorded as a liability on the date of approval by the shareholders in the ensuing Annual General Meeting.

(c) Shares held by Holding company and details of shareholders holding more than 5% shares in the Company

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Percentage	Number	Percentage	Number	Percentage
Equity shares of ₹ 10 each						
Magma Fincorp Limited	148,102,450	100%	148,102,450	100%	148,102,450	100%

22 Other equity

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Retained earnings	15,158.76	12,459.83	9,546.07
Statutory reserve	4,400.00	3,710.00	3,240.00
Share options outstanding account	111.33		
Other comprehensive income	(394.34)	243.94	(278.01)
	19,275.75	16,413.77	12,508.06

Nature and purpose of reserves

(a) Retained earnings
Retained earnings are the profits that the Company has earned till date, less any transfers to general reserves, statutory reserve, dividends and other distributions made to the shareholders.

	Year ended 31 March 2019	Year ended 31 March 2018
Balance at the beginning of the year	12,459.83	9,546.07
Add: Profit for the year	3,401.31	3,380.01
Items of other comprehensive income, net of tax		
- Re-measurement of defined benefit plans	(12.38)	3.75
Less: Transfer to statutory reserve	(690.00)	(470.00)
Balance at the end of the year	15,158.76	12,459.83

(b) Statutory reserve
Statutory reserve represents the Reserve Fund created under section 29C of the National Housing Bank Act, 1987. Under section 29C, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilised for the purposes as may be specified by the National Housing Bank from time to time.

	Year ended 31 March 2019	Year ended 31 March 2018
Balance at the beginning of the year	3,710.00	3,240.00
Add: Transfer from surplus in the Statement of Profit and Loss	690.00	470.00
Balance at the end of the year	4,400.00	3,710.00

(c) Share options outstanding account

The Company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (MHFLESOP) in 2018 and Magma Housing Finance - Restricted Stock Option Plan 2018 (MHFRSOP) in 2018, which were approved by the Board of Directors.

Refer Note 42 for further details on employee stock options.

(d) Other comprehensive income
The Company has recognised changes in fair value of certain loan assets in other comprehensive income. These changes are accumulated within the valuation of Debt instruments through other comprehensive income under other equity. The Company transfers amounts from this reserve to retained earnings when the relevant financial asset is derecognised. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

23 Interest income

	Year ended 31 March 2019			Year ended 31 March 2018		
	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total
Interest on loans	10,972.52	11,354.36	22,326.88	9,610.21	9,796.23	19,406.44
Interest on deposits with banks		3.73	3.73	-	-	-
Other interest income		1.43	1.43	-	399.80	399.80
	10,972.52	11,359.52	22,332.04	9,610.21	10,196.03	19,806.24

24 Fees and commission income

	Year ended 31 March 2019	Year ended 31 March 2018
Collection and support services	52.03	41.46
Foreclosure charges	257.94	430.97
Commitment fees	545.78	290.36
Others	23.76	25.04
	879.51	787.83

25 Net gain/ (loss) on fair value changes

Net gain/ (loss) on financial instruments at fair value through profit or loss - Security receipts	(318.82)	233.49
Total net gain/ (loss) on fair value changes	(318.82)	233.49
Fair value changes:		
Realised	-	-
Unrealised	(318.82)	233.49
Total net gain/ (loss) on fair value changes	(318.82)	233.49

26 Net gain on de-recognition of financial instruments

Income from de-recognition on account of direct assignment transactions	1,351.84	2,281.48
Loss on sale of non performing assets	(372.33)	-
(Net of reversal of provision of ₹ 1,374.10 lacs)	979.51	2,281.48

27 Other income

Bad debts recovered	125.35	97.85
Liabilities no longer required written back	126.52	5.87
Miscellaneous income	273.74	119.19
	525.61	222.91

28 Finance costs

Interest on borrowings	14,296.90	9,453.36
Interest on debt securities	750.45	1,184.74
Other borrowing costs	286.93	254.09
	15,334.28	10,892.19

29 Impairment on financial instruments

	Year ended 31 March 2019			Year ended 31 March 2018		
	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total
Impairment on loans	106.28	(808.09)	(701.81)	927.90	551.40	1,479.30
Bad debts written off	544.62	455.62	1,000.24	104.72	353.00	457.72
	650.90	(352.47)	298.43	1,032.62	904.40	1,937.02

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(All amounts in ₹ lacs, unless otherwise stated)

30 Employee benefits expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	4,432.72	3,162.10
Contribution to provident and other funds	245.99	144.10
Share based payments to employees	311.31	-
Staff welfare expenses	109.77	75.21
	5,099.81	3,381.41

30(a) Defined contribution plans

Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the Fund administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to Statement of profit and loss in the period in which they are incurred.

30(b) Defined benefit plans:

Gratuity (funded)

Gratuity is a post employment benefit and is a defined benefit plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The liability recognised in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation annually using the Projected Unit Credit Method. Actuarial gains/losses are credited/ charged to the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

The following table summarises the components of defined benefit expense recognised in the Statement of Profit and Loss/Other Comprehensive Income (OCI) and the funded status and amounts recognised in the Balance Sheet for the respective plans:

		Year ended 31 March 2019	Year ended 31 March 2018
(i)	**Change in present value of the defined benefit obligation**		
	Present value of the obligations at the beginning of the year	75.72	85.53
	Current service cost	36.70	23.11
	Interest cost	4.00	5.07
	Past service cost	-	-
	Actuarial (gain)/loss arising from assumption changes	1.00	(4.75)
	Actuarial (gain)/loss arising from experience adjustments	18.77	(1.14)
	Benefits paid	(40.13)	(32.10)
	Present value of the obligations at the end of the year	96.09	75.72
(ii)	**Change in fair value of plan assets:**		
	Plan assets at the beginning of the year	93.85	94.99
	Actual return on plan assets	6.75	6.64
	Actual company contributions	27.38	24.38
	Excess / (insufficient) return on plan assets (excluding interest income)	-	(0.06)
	Benefits paid	(40.11)	(32.10)
	Plan assets at the end of the year	87.87	93.85
(iii)	**Reconciliation of present value of defined benefit obligation and the fair value of plan assets**		
	Present value obligation as at the end of the year	96.09	75.72
	Fair value of plan assets as at the end of the year	87.87	93.85
	Net liabilities recognised in balance sheet	8.22	(18.13)
(iv)	**Components of net cost charged to the Statement of profit and loss**		
	Employee benefits expenses:		
	Service cost	36.70	23.11
	Past service cost		-
	Interest cost	4.00	5.07
	Interest income	(6.75)	(6.64)
	Net impact on profit before tax	33.95	21.54
(v)	**Components re-measurement losses / (gains) in other comprehensive income**		
	Actuarial (gain)/loss arising from assumption changes	1.00	(4.75)
	Actuarial (gain)/loss arising from experience adjustments	18.77	(1.14)
	Return on plan assets, excluding amount recognised in net interest expense	-	0.06
	Remeasurement losses / (gains) in other comprehensive income	19.78	(5.83)

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Employee benefits expenses (cont'd)

(vi) The Company's gratuity scheme for permanent employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity funds actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purpose for which assumptions are same as set out below. Employees do not contribute to the plan.

(vii) **Assumptions used**

With the objective of presenting plan assets and obligations of the defined benefit plans at their fair value at Balance Sheet date, assumptions used under Ind AS 19 are set by reference to market conditions at the valuation date.

	Year ended 31 March 2019	Year ended 31 March 2018
Discount rate (per annum)	7.64%	7.72%
Salary escalation rate (per annum)	5%	5%
Expected average remaining working lives of employees (years)	24.62	23.53
Mortality	IALM(2006-08) ultimate table	IALM(2006-08) ultimate table

(viii) **Sensitivity analysis**

A quantitative sensitivity analysis for significant assumption is as shown below.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
DBO with discount rate +0.25pt	92.99	73.12
DBO with discount rate -0.25pt	99.34	78.44
DBO with +0.5% salary escalation	102.87	81.00
DBO with -0.5% salary escalation	89.84	70.48
DBO with +2% withdrawal rate	96.1	75.73
DBO with -2% withdrawal rate	96.09	75.71
DBO with +1% mortality rate	96.1	75.73
DBO with -1% mortality rate	96.08	75.71

Methods and assumptions used in preparing sensitivity analysis and their limitations:

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

(ix) **Maturity analysis of the benefit payments:**

Particulars	Gratuity	
	As at 31 March 2019	As at 31 March 2018
Year 1	0.56	0.41
2 to 5 years	5.56	5.17
6 to 10 years	54.87	22.42
More than 10 years	260.88	233.34

(c) Aforesaid defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Credit Risk	If the scheme is insured and fully funded on PUC basis there is a credit risk to the extent the Insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.
Pay-as-you-go Risk	For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.
Discount Rate risk	The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

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Employee benefit expenses (cont'd)

Liquidity Risk	This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient assets/cash.)

(d) Aforesaid defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Future Salary Increase Risk	The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.
Demographic Risk	If the scheme is insured and fully funded on PUC basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.
Regulatory Risk	Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of ₹ 2,000,000, raising accrual rate from 15/26 etc.)

	Year ended 31 March 2019	Year ended 31 March 2018
31 Depreciation, amortization and impairment		
Depreciation on property, plant and equipment	10.68	4.24
Amortisation of intangible assets	20.08	19.61
	30.76	23.85
32 Other expenses		
Rent, taxes and energy costs	314.73	266.74
Repairs and maintenance	110.55	96.19
Communication costs	72.29	58.52
Printing and stationery	69.45	51.28
Advertisement and publicity	80.05	44.40
Director's fees, allowances and expenses	9.07	5.30
Auditor's fees and expenses	28.35	19.06
Legal and professional charges	1,022.00	500.68
Travelling and conveyance	377.41	250.69
Corporate social responsibility expenditure	52.90	6.51
Outsourcing expense	570.16	393.74
Office maintenance	89.84	82.29
Record retention charges	55.60	31.14
Meeting and seminar expense	25.34	29.66
Miscellaneous Expense	213.56	84.22
	3,094.35	1,917.42
(a) Payment to auditors (excluding taxes)		
Audit fees	18.00	15.00
Limited review	7.00	3.00
Other services	1.20	-
Reimbursement of expenses	2.15	1.06
	28.35	19.06

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		Year ended 31 March 2019	Year ended 31 March 2018
33	**Tax expenses**		
(a)	**Income tax in the Statement of Profit and Loss:**		
	Current tax	875.00	1,693.00
	Deferred tax	430.45	119.14
	Tax pertaining to previous years	(6.68)	(2.39)
		1,298.77	1,809.75
(b)	**Income tax recognised in other comprehensive income comprises:**		
	Taxes on re-measurement of defined benefit plans	7.20	(2.10)
	Taxes on fair valuation of financial assets (loan against properties)	293.03	(278.53)
		300.23	(280.63)
(c)	**Reconciliation of income tax expense and the accounting profit for the year:**		
	Profit before tax	4,700.78	5,189.16
	Enacted tax rates (%)	29.12%	34.61%
	Income tax expense calculated at corporate tax rate	1,356.72	1,795.86
	Impact on account of non-deductible expenses	(11.43)	14.22
	Adjustment of tax relating to earlier years	(6.68)	(2.39)
	Impact due to change in enacted tax rate	(96.12)	(1.50)
	Other adjustments	44.84	3.56
	Total income tax expense as per the statement of profit and loss	1,298.77	1,809.75
34	**Earnings per share (EPS)**		
	Net profit attributable to equity shareholders	3,401.51	3,379.41
	Nominal value of equity share (₹)	10	10
	Weighted average number of equity shares considered for computation of basic EPS	148,102,500	148,102,500
	Add: Effect of shares issued under ESOP scheme	2,039,177	-
	Weighted average number of equity shares considered for computation of diluted EPS	150,141,677	148,102,500
	Earnings per share (in ₹)		
	-Basic earnings per share (₹)	2.30	2.28
	-Diluted earnings per share (₹)	2.27	2.28

35 Lease transactions in the capacity of Lessee

Lease rental expense under non-cancellable operating lease during the year ended 31 March 2019 and 31 March 2018 amounted to ₹ 34.09 lacs and ₹ 29.56 lacs respectively. Future minimum lease payments under non cancellable operating lease is as below:

	Year ended 31 March 2019	Year ended 31 March 2018
Not later than one year	17.40	34.09
Later than one year but not later than five years	3.52	21.12
Later than five years	-	-

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year ended 31 March 2019 and 31 March 2018 was ₹ 24.19 lacs and ₹ 9.98 lacs respectively.

36 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of providing financial services to customers in India. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

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37 Related party disclosures

Information on related party transactions as required by Ind AS - 24 - Related Party Disclosures are as follows :

(a) List of related parties

(i) Parties where control exists

Name of the related party	Nature of Relationship	Country of incorporation	% of holding as on 31 March 2019	31 March 2018	1 April 2017
Magma Fincorp Limited	Holding Company	India	100%	100%	100%

(ii) Joint venture of holding company
Magma HDI General Insurance Company

(iii) Key management personnel

Name of the related party	Nature of Relationship
Sanjay Chamria	Chairman, Non Executive Director
Manish Jaiswal	Managing Director and Chief Executive Officer (w.e.f. 26.06.17)
Sachin Khandelwal	Managing Director and Chief Executive Officer (upto 12.06.17)
Kailash Baheti	Director
Mayank Poddar	Non-Executive Director
Mamta Binani	Non Executive Independent Director
Atul Bhasin Gandhi	Non Executive Independent Director (upto 19.04.2018)
Satya Brata Ganguly	Non Executive Director (w.e.f 13.07.2018)
Gauri Shankar Agarwal	Chief Financial Officer (upto 30.09.2018)
Ian Gerard Desouza	Chief Financial Officer (w.e.f 01.01.2019)
Poli Sarangi	Company Secretary

(iv) Others - With whom transactions have been taken place during the year

Name of the related party	Nature of Relationship
CTP Business LLP	LLP in which Director is a Designated partner
Nitin Jaiswal	Relative of Key Managerial Personnel
Anita Agarwal	Relative of Key Managerial Personnel (upto 30.09.2018)

(b) Transactions with related parties

Name of the party	Nature of transaction	Year ended 31 March 2019	Year ended 31 March 2018
(i) Holding Company			
Magma Fincorp Limited	Common cost allocation (expense)	1,314.01	447.72
	Loan taken	35,000.00	-
	Loan taken refunded	35,000.00	3,500.00
	Interest expense	470.41	395.02
	Sale of financial assets through direct assignment	12,001.95	
	Collection & support fees	1.81	
(ii) Joint venture of holding company			
Magma HDI General Insurance Company	Advance receivable	561.73	158.54
	Adjustments of loans and advances given	453.00	156.45
(iii) Key management personnel			
Sachin Khandelwal	Directors' remuneration	-	124.44
Manish Jaiswal	Directors' remuneration	137.00	95.21
	Loan given	639.50	
	Repayment of loan	375.76	-
	Installment received in advance	2.41	-
	Interest income	13.69	-
Gauri Shankar Agarwal	Salary	64.34	106.30
	Loan given	-	53.75
	Repayment of loan	1.00	2.49
	Installment received in advance	-	0.24
	Interest income	1.50	0.17
Ian Gerard Desouza	Salary	41.25	-
Poli Sarangi	Salary	10.55	9.18
Mamta Binani	Sitting Fees	4.70	4.30
Satya Brata Ganguly	Sitting Fees	3.70	-

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Related Party disclosure (continued)

Name of the party	Nature of transaction	Year ended 31 March 2019	Year ended 31 March 2018
(iv) Others			
CLP Business LLP	Security deposit given	-	6.45
	Rent expense	15.32	11.42
Anil Agarwal	Car hire charges paid	-	1.65
Nidhi Jaiswal	Loan given	271.12	-
	Repayment of loan received	3.56	-
	Instalment Received in advance	1.95	-
	Interest income	4.17	-

(c) Balances with related parties

Name of the party	Nature of balance	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) Holding Company				
Magma Fincorp Limited	Loans and advances given	-	-	3,500.00
	Collection fees receivable	1.32		
(ii) Joint venture of holding company		-	-	-
Magma HDI General Insurance Company	Loans and advances given	117.48	43.75	47.16
(iii) Key management personnel				
Manish Jaiswal	Loan given	263.79	-	-
	Instalment received in advance	2.41	-	-
Gauri Shankar Agarwal	Loan given	14.14	15.37	4.03
	Instalment received in advance	-	0.24	-
(iv) Others				
CLP Business LLP	Security deposit given	6.45	6.45	-
Nidhi Jaiswal	Loan given	219.50	-	-
	Instalment received in advance	1.95	-	-

(d) Compensation of key managerial personnel	Year ended 31 March 2019	Year ended 31 March 2018
Short-term employee benefits	349.58	440.36
Post-employment defined benefit*	3.54	3.52

*As provisions for gratuity and leave benefits are made for the company as a whole, the amount pertaining to key management personnel are not specifically identified and hence are not included above.

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39 Financial instruments

A. Financial assets and liabilities

The carrying amounts and fair value of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Financial assets measured at fair value				
(i) Fair value through profit and loss - other financial assets(Security receipts)	6	985.55	1,288.51	1,225.46
Loans				
(ii) Fair value through other comprehensive income	5	61,109.20	68,402.43	66,276.46
Financial assets measured at amortised cost				
Cash and cash equivalents	3	557.44	489.35	164.87
Other bank balances	4	2,998.19	-	-
Loans	5	123,460.97	73,303.46	46,838.99
Other financial assets	6	4,451.09	3,753.46	2,704.53
Total		[illegible]	147,[illegible]	117,[illegible]
Financial liabilities measured at amortised cost				
Trade payables	12	418.91	348.34	147.95
Other payables	12	833.46	776.19	328.01
Debt securities	13	12,071.76	10,455.13	10,157.88
Borrowings (other than debt securities)	14	135,445.72	98,407.40	117,443.84
Subordinated liabilities	15	5,925.46	-	-
Other financial liabilities	16	20,104.31	11,110.79	3,548.89
Total		[illegible]	[illegible]	[illegible]

B. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the Statement of Profit and loss are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 March 2019, 31 March 2018 and 1 April 2017.

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Financial assets	-	-	61,109.20	61,109.20
Fair value through profit and loss				
Other financial assets - Security receipts	-	985.55		985.55

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Financial assets		-	68,402.43	68,402.43
Fair value through profit and loss				
Other financial assets - Security receipts	-	1,288.51	-	1,288.51

As at 1 April 2017	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loan against properties	-	-	66,276.46	66,276.46
Investments at fair value through profit and loss				
Security receipts	-	1,225.46	-	1,225.46

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33 Financial instruments

B Fair value hierarchy (cont'd)

B.2 Fair value of instruments measured at amortised cost.

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets						
Cash and cash equivalents	153.18	153.18	888.78	888.78	769.87	769.87
Other bank balances	2,451.39	2,451.39				-
Loans	123,400.37	122,937.60	76,371.45	75,838.16	86,820.59	91,310.41
Other financial assets	4,451.33	4,451.33	3,753.54	3,753.54	3,566.05	3,566.05
Total	[illegible]	[illegible]	71,066.91	[illegible]	[illegible]	[illegible]
Financial liabilities						
Trade payables	473.94	473.94	148.58	148.58	142.95	142.95
Other payables	975.85	975.85	770.09	770.09	526.44	526.44
Debt securities	12,971.28	12,843.26	11,155.03	10,583.88	10,454.85	10,142.98
Borrowings (other than debt securities)	115,445.79	115,757.00	93,107.09	92,887.85	117,643.84	113,618.81
Subordinated liabilities	9,925.06	10,340.25	-	-	-	-
Other financial liabilities	20,101.51	20,100.51	11,550.29	11,550.29	4,499.89	4,499.89
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The management assessed that fair values of cash and cash equivalents, other financial assets, trade payables and other financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

B.3 Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipts/payments discounted using appropriate discounting rates	Not applicable	Not applicable
Financial assets measured at FVTPL	NAV based method	Not applicable	Not applicable
Financial assets measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected future cash flows discounted using appropriate discounting rates	The discount rate is the average lending rate at which the loans are disbursed	There is an inverse correlation. Higher the discount rate or average lending rate for the disbursed loans, lower the fair value of the assets

B.4 Movement in Level 3 financial instruments measured at fair value

Particulars	As at 1 April 2018	Purchase	Sales	Transfer into Level 3	Transfer from Level 3	Interest income	Other Comprehensive Income	As at 31 March 2019
Financial instruments at FVOCI*	49,598.43	55,167.79	54,589.00	-	-	10,972.53	(631.38)	61,030.44
	49,598.43	55,167.79	54,589.00		-	10,972.53	(631.38)	61,030.44

Particulars	As at 1 April 2017	Purchase	Sales	Transfer into Level 3	Transfer from Level 3	Net interest income	Other Comprehensive Income	As at 31 March 2018
Financial instruments at FVOCI*	67,295.47	34,776.45	42,732.35		-	9,620.21	522.55	69,598.43
	67,295.47	34,776.45	42,732.35	-	-	9,620.21	522.55	69,598.43

* The above numbers are gross carrying amount. Refer Note 4

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Magma Housing Finance Limited

39 Financial risk management

The Company assumes credit risk, market risk, compliance risk, operational risk and reputational risk in the normal course of its business. This exposes the Company to a substantial level of inherent financial risk.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans on finance.
The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit impaired asset and significant increase in credit risk is assessed by the following observable data:
• a breach of contract such as a default or past due event;
• when a borrower becomes 90 days past due in its contractual payments

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc.

b) Probability of default (PD)
Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by jurisdiction or region and type of product or borrower as well as by DPD. The Company employs statistical models to analyse the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

c) Definition of default and cure
The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss(ECL) calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:
- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.
An asset migrates down the ECL Stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision Stage reverses to 12-months ECL from lifetime ECL.

d) Exposure at default (EAD)
The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.
To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

e) Loss given default (LGD)
Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirements on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all Stages, i.e. Stage 1, Stage 2 and Stage 3.

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(All amounts in ₹ lacs, unless otherwise stated)

Financial risk management (cont'd)

i) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or life time ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-Stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortized cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive Stages of delinquency to write off. Assets migrate through following three Stages based on the changes in credit quality since initial recognition.

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost.

b) Expected credit loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL Stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision Stage reverts to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factors will affect ECL, the methodology and assumptions are reviewed regularly.

The following table provides information about the exposure to credit risk and expected credit loss for loans on finance :

Loans measured at amortised cost

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit - impaired
As at 31 March 2019				
Current (not past due)	114,627.06	0.22%	251.07	No
1-30 days past due	3,276.42	1.64%	53.45	No
31-60 days past due	2,450.43	4.93%	120.86	No
61-90 days past due	2,631.29	9.42%	247.94	No
More than 90 days past due	1,941.72	41.25%	800.88	Yes
	124,927.52	1.18%	1,474.38	
As at 31 March 2018				
Current (not past due)	60,876.83	0.33%	207.09	No
1-30 days past due	4,350.62	2.97%	128.61	No
31-60 days past due	3,141.80	8.78%	275.76	No
61-90 days past due	4,070.64	11.60%	474.00	No
More than 90 days past due	4,109.06	55.55%	2,281.84	Yes
	76,548.97	4.38%	3,367.90	
As at 01 April 2017				
Current (not past due)	69,299.90	0.72%	499.18	No
1-30 days past due	6,584.09	2.72%	177.34	No
31-60 days past due	3,054.30	8.27%	252.71	No
61-90 days past due	3,032.55	10.29%	312.05	No
More than 90 days past due	3,774.81	31.99%	1,207.46	Yes
	85,744.65	2.86%	2,449.74	

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Magma Housing Finance Limited

Financial risk management (cont'd)

Loans at fair value through OCI

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit-impaired
As at 31 March 2019				
Current (not past due)	54,093.66	0.20%	110.85	No
1-30 days past due	3,105.01	1.32%	41.11	No
31-60 days past due	2,710.50	3.63%	98.46	No
61-90 days past due	3,298.83	4.70%	220.90	No
More than 90 days past due	1,427.44	24.72%	352.83	Yes
	64,635.44	1.28%	824.24	
As at 31 March 2018				
Current (not past due)	53,953.48	0.21%	117.64	No
1-30 days past due	4,956.86	1.42%	61.29	No
31-60 days past due	3,135.03	3.87%	121.31	No
61-90 days past due	4,655.17	6.15%	286.37	No
More than 90 days past due	3,175.89	25.32%	904.25	Yes
	69,926.43	2.28%	1,574.00	
As at 01 April 2017				
Current (not past due)	50,752.53	0.21%	106.95	No
1-30 days past due	5,925.36	1.41%	83.68	No
31-60 days past due	4,816.45	3.84%	184.79	No
61-90 days past due	2,243.47	6.15%	137.92	No
More than 90 days past due	3,556.71	14.17%	503.67	Yes
	67,295.47	1.61%	1,017.01	

Expected credit loss on other financial assets

Other financial assets primarily includes excess interest spread receivable and security receipts. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Security receipts are measured at FVTPL and hence, the credit risk is already factored in the fair value.

Cash and cash equivalents and other Bank Balance

The Company has cash and cash equivalents and bank balance of ₹ 1485.47 lacs at 31 March 2019 (31 March 2018: ₹ 809.78 lacs, 01 April 2017: ₹ 708.87 lacs). These are held with bank and financial institution counterparties with acceptable credit ratings to reduce the credit risk.

An analysis of changes in gross carrying amount and corresponding ECL allowances are as follows:

(i) Movements in the gross carrying amount in respect of loans and other financial assets
Loans measured at amortised cost

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April 2017	75,882.29	6,086.81	3,774.85
Transfer to Stage 1	1,825.53	(1,178.45)	(647.08)
Transfer to Stage 2	(3,822.81)	4,526.54	(703.73)
Transfer to Stage 3	(1,458.46)	(1,659.52)	3,117.98
New financial assets originated or purchased	19,325.76	226.76	20.78
Financial assets that have been derecognised/repaid(excluding write offs)	(20,414.13)	(392.82)	(365.90)
Write offs	(6,044.44)	(470.90)	(1,143.73)
Gross carrying amount on 31 March 2018	**65,287.44**	**7,232.42**	**4,101.18**
Transfer to Stage 1	2,618.17	(2,281.42)	(336.75)
Transfer to Stage 2	(2,182.12)	2,587.87	(405.75)
Transfer to Stage 3	(357.89)	(794.64)	1,152.53
New financial assets originated or purchased	65,154.46	225.47	1.59
Financial assets that have been derecognised/repaid(excluding write offs)	(9,276.35)	(1,220.19)	(1,577.31)
Write offs	(3,259.86)	(667.61)	(1,004.61)
Gross carrying amount on 31 March 2019	**117,985.87**	**5,081.90**	**1,931.75**

The contractual amount outstanding on loans measured at amortised cost that were written off during the year ended 31 March 2019 and are still subject to enforcement activity is ₹ 655.62 (31 March 2018 - ₹ 351.00 , 1 April 2017 - ₹ nil)

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Magma Housing Finance Limited

(All amounts in ₹ lacs, unless otherwise stated)

Financial risk management (cont'd)

Loans at fair value through OCI

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April 2017	36,677.80	7,099.87	3,555.71
Transfer to Stage 1	2,310.72	(1,554.61)	(756.11)
Transfer to Stage 2	(3,991.16)	4,558.23	(567.12)
Transfer to Stage 3	(908.48)	(1,250.29)	2,158.77
New financial assets originated or purchased	34,398.01	180.95	197.55
Financial assets that have been derecognised/repaid(excluding write offs)	(26,937.92)	(898.57)	(66.01)
Write offs	(3,143.71)	(392.39)	(740.89)
Gross carrying amount on 31 March 2018	38,405.55	7,795.20	3,783.88
Transfer to Stage 1	3,473.14	(3,110.27)	(362.87)
Transfer to Stage 2	(2,166.59)	2,756.39	(589.80)
Transfer to Stage 3	(378.57)	(507.02)	885.59
New financial assets originated or purchased	39,044.43	0.09	43.36
Financial assets that have been derecognised/repaid(excluding write offs)	(36,609.22)	(2,412.85)	(1,374.02)
Write offs	(2,537.11)	(514.10)	(651.59)
Gross carrying amount on 31 March 2019	57,198.69	4,097.33	1,427.42

The contractual amount outstanding on loans measured at amortised cost that were written off during the year ended 31 March 2019 and are still subject to enforcement activity is ₹ 543.5 (31 March 2018 - ₹ 106.12 , 1 April 2017 - ₹ Nil.)

ii) Movements in the allowance for impairment in respect of loans and other financial assets

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortised cost

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2017	677.52	564.76	1,207.46
Transfer to Stage 1	341.64	(123.71)	(213.05)
Transfer to Stage 2	(82.73)	305.71	(222.98)
Transfer to Stage 3	(23.15)	(97.09)	120.24
Net re-measurement of loss allowance	(571.89)	158.70	1,844.56
New financial assets originated or purchased	72.86	20.87	7.45
Financial assets that have been derecognised/repaid(excluding write offs)	(84.04)	(21.52)	(36.73)
Write offs	(28.75)	(34.98)	(376.40)
Loss allowance on 31 March 2018	330.69	750.37	2,281.84
Transfer to Stage 1	425.72	(247.09)	(178.63)
Transfer to Stage 2	(29.40)	307.50	(277.80)
Transfer to Stage 3	(2.64)	(60.35)	62.99
Net re-measurement of loss allowance	(501.54)	(210.40)	190.32
New financial assets originated or purchased	134.65	15.07	4.00
Financial assets that have been derecognised/repaid(excluding write offs)	(38.40)	(11.09)	(829.40)
Write offs	(14.25)	(71.18)	(447.51)
Loss allowance on 31 March 2019	304.83	564.81	881.52

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Magma Housing Finance Limited
(Formerly Magma Housing Finance (A Public Company with Unlimited Liability))
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
(All amounts in ₹ lacs, unless otherwise stated)

Financial risk management (cont'd)

Loans at fair value through OCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2017	190.65	322.72	503.66
Transfer to Stage 1	148.19	(71.89)	(116.30)
Transfer to Stage 2	(32.25)	117.26	(85.01)
Transfer to Stage 3	(7.28)	(56.30)	63.54
Net remeasurement of loss allowance	(169.42)	126.37	747.46
New financial assets originated or purchased	79.15	7.30	3.69
Financial assets that have been derecognised/repaid(excluding write offs)	(87.14)	(21.95)	(7.17)
Write offs	(7.98)	(13.68)	(113.82)
Loss allowance on 31 March 2018	**113.92**	**407.86**	**998.27**
Transfer to Stage 1	148.39	(59.58)	(108.51)
Transfer to Stage 2	(15.30)	107.91	(92.53)
Transfer to Stage 3	(4.28)	(28.91)	33.12
Net remeasurement of loss allowance	(159.44)	32.16	307.37
New financial assets originated or purchased	80.86	0.00	0.00
Financial assets that have been derecognised/repaid(excluding write offs)	(91.08)	(111.44)	(608.45)
Write offs	(9.14)	(28.95)	(134.08)
Loss allowance on 31 March 2019	**151.93**	**549.15**	**352.86**

ii) Concentration risk

Pursuant to the guidelines of the National Housing Board, credit exposure of banks to an individual borrower shall not exceed 15% of owned fund and 25% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines.
In addition, the Company views the concentration of risk on the basis of below product type category

Loans and advances to customers	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**
Home Loan	129,649.28	74,097.28	76,308.46
Construction Finance	1,278.24	1,851.09	9,844.19
Loan against property	44,633.44	49,980.41	47,293.47

Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Company during the year by taking possession of collateral held as security against loans and advances and held at the year end, are shown below:

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Property	12	19
Gross Carrying Amount	1961.07	895.76

The Company's policy is to pursue timely realisation of the collateral in an orderly manner. The Company does not generally use the non-cash collateral for its own operations.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
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Financial risk management (cont'd)

B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2019	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	7,428.71	7,578.72	1,900.00	16,907.43
Borrowings (other than debt securities)	67,516.34	44,404.19	32,851.47	144,980.90
Subordinated liabilities	1,253.42	2,500.00	15,000.00	18,753.42
Trade payables	1,452.79	-	-	1,452.79
Other financial liabilities	20,501.31	-	-	20,501.31
Total	97,952.47	54,280.91	48,981.67	201,216.85

March 31, 2018	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	6,508.11	5,100.05	3,442	14,650.79
Borrowings (other than debt securities)	58,317.11	39,591.10	6,821.33	104,729.54
Subordinated liabilities	-	-	-	-
Trade and other payables	1,118.47	-	-	1,118.47
Other financial liabilities	11,350.29	-	-	11,350.29
Total	76,914.01	44,691.75	10,263.33	131,859.09

April 1, 2017	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	-	10,946.78	3,704	14,650.78
Borrowings (other than debt securities)	56,616.58	63,537.52	7,185.14	127,339.44
Subordinated liabilities	-	-	-	-
Trade payables	669.56	-	-	669.56
Other financial liabilities	4,749.89	-	-	4,749.89
Total	62,036.03	74,484.30	10,889.34	147,409.67

C) Market risk

Market risk is the risk that changes in market prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily INR. In addition, interest on borrowings is denominated in the currency of the borrowing.

D) Interest rate risk

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Fixed rate instruments			
Financial assets	7,850.62	5,923.80	4,750.28
Financial liabilities	59,850.44	22,903.79	15,857.30
Variable rate instruments			
Financial assets	187,270.57	141,866.06	153,105.05
Financial liabilities	100,443.72	92,467.03	113,545.84

(All amounts in ₹ lacs, unless otherwise stated)

Financial risk management (cont'd)

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below :

	Profit or loss	
	100 bp increase	**100 bp decrease**
31 March 2019		
Variable rate instruments	806.26	(806.26)
Cash flow sensitivity (net)		
31 March 2018		
Variable rate instruments	494.99	(494.99)
Cash flow sensitivity (net)		

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.
The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables remain constant.

E) **Legal and operational risk**

Legal risk
Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.
The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. The Company also has well established legal procedures to scrutinise product offerings and manage risks arising out of its transactions.
As at 31 March 2019, there were legal cases pending against the Company aggregating ₹ Nil (31 March 2018: Nil and 01 April 2017: ₹ Nil). Based on the opinion of the Company's legal advisors, the management believes that no liability is likely to arise from these cases.

Operational risk
Operational risk framework is designed to cover all functions and verticals towards identifying the key risks in the underlying processes.
The framework, at its core, has the following elements
1. Documented Operational Risk Management Policy
2. Well defined Governance Structure
3. Use of Identification & Monitoring tools such as Loss Data Capture, Risk and Control Self Assessment, Key Risk Indicators
4. Standardised reporting templates, reporting structure and frequency
5. Regular workshops and training for enhancing awareness and risk culture.

The Company has adopted the internationally accepted 3-lines of defence approach to operational risk management.
First line - Each function/vertical undergoes continuous testing to evaluate internal compliance and thereby lay down processes for further improvement. Thus, the approach is "bottom-up", ensuring acceptance of findings and faster adoption of corrective actions, if any, to ensure mitigation of perceived risks.
Second line – Independent risk management vertical supports the first line in developing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis.
Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee

40 **Capital management**
The Company maintains an actively managed capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) of the National Housing Board (NHB) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.
The Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The funding requirements are met through equity, non-convertible debentures and other long-term/ short-term borrowings. The Company's policy is aimed at appropriate combination of short-term and long-term borrowings.
The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board

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Financial risk management (cont'd)

h. **Regulatory capital**

The Company's regulatory capital consists of the sum of the following elements.
Tier 1 capital, which includes ordinary share capital, retained earnings and reserves and deduction for intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities and impairment provision in respect of standard assets.

	As at 31 March 2019	As at 31 March 2018
CRAR (%)	34.58	33.92
CRAR -Tier I Capital (%)	26.42	23.35
CRAR -Tier II Capital (%)	8.16	3.57

Note: CRAR has been calculated based on Ind AS financials excluding restatement of comparative numbers. However, for the limited purpose of CRAR calculation, securitisation transactions(PTC) have been treated as off balance sheet and accordingly reduced from risk weighted assets.

B. **Capital allocation**
Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e. financing. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

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41 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1.2 have been applied consistently in preparing the opening Ind AS Balance Sheet as on 1 April 2017 (the Company's date of transition), the comparative information presented in these financial statements for the year ended 31 March 2018 and in preparing these financial statements for the year ended 31 March 2019. In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standard Rules), 2006 (as amended) and other relevant provisions of the Act (Indian GAAP). An explanation of how the transition from previous Indian GAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows is set out in the foot notes to first time adoption.

Ind AS 101 lays out certain mandatory exceptions and optional exemptions to be applied for transition from the existing Indian GAAP to Ind AS. The Company has adopted the following in preparing its opening Ind AS Balance Sheet.

(a) Ind AS optional exemptions

Indian Accounting Standard 101 First time adoption Indian Accounting Standards (Ind AS 101) allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Deemed cost for property, plant and equipment
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(b) Ind AS mandatory exceptions

Estimates
An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP, other than estimates for impairment of financial assets based on Expected Credit Loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

Classification and measurement of financial assets and liabilities
The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:
(i) The effects of the retrospective application or retrospective restatement are not determinable;
(ii) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;
(iii) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

De-recognition of financial assets and liabilities
Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choice, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. Thus, the Company continues to record security receipts, received on sale of Non-Performing Assets, in its Balance Sheet.

(c) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for the prior periods. The following tables represent the reconciliation from previous Indian GAAP to Ind AS.

(i) Effect of Ind AS adoption on total equity

Particulars	Notes	As at 31 March 2018	As at 01 April 2017
Equity as per previous GAAP		**29,821.81**	**27,501.82**
Adjustments			
Impact of application of expected credit loss method for loan loss provisioning	4	(870.58)	(1,511.84)
Net gain on de-recognition of financial assets sold under direct assignment transactions	2	2,729.92	2,547.59
Recognition of financial assets by application of effective interest rate method	3	(1,012.09)	(1,107.95)
Fair valuation of financial assets	5	467.05	(89.53)
Tax impact on above transition items	7	(753.10)	97.14
Total adjustments		**1,402.21**	**(163.57)**
Total equity as per Ind AS		**31,224.02**	**27,338.25**

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First time adoption of Ind AS (cont'd)

(ii) Reconciliation of total comprehensive income:

Particulars	Notes	Year ended 31 March 2018
Profit after tax as per previous GAAP		2,349.95
Adjustments		
Impact of application of expected credit loss method for loan loss provisioning	4	441.46
Net gain on derecognition of loans sold under direct assignment transactions	2	1,092.34
Recognition of financial assets/liabilities at amortised cost by application of effective interest rate	3	(122.14)
Fair valuation of financial assets	5	255.31
Remeasurements of the defined benefit plans in other comprehensive income	6	(5.83)
Tax impact on above transition items	7	(509.72)
Profit after tax as per Ind AS		3,479.41
Other comprehensive income		
Re-measurements benefits of the defined benefit plans	6	5.83
Net gain/(loss) on fair valuation of financial assets (loan against properties)		801.16
Tax relating to these items	7	(280.63)
		526.36
Total comprehensive income as per Ind AS		4,005.77

(iii) Effect of Ind AS adoption on the Statement of Cash flows for the year ended 31 March 2018:

Particulars	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	24,796.30	(3,407.72)	21,388.67
Net cash flow from investing activities	170.39	(178.44)	(7.05)
Net cash flow from financing activities	(24,846.27)	3,586.15	(21,260.12)
Net increase in cash and cash equivalents	120.91	-	120.91
Cash and cash equivalents as at 1 April 2017	768.87	-	768.87
Cash and cash equivalents as at 31 March 2018	889.78	-	889.78

(*) The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(iv) Foot notes to first time adoption:

1 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were shown as prepaid expense under non-current/ current assets or paid when incurred. Accordingly, borrowings have been reduced with a corresponding adjustment to prepaid expense.

2 Gain on de-recognition of loans sold under direct assignment transactions

Under Ind AS, present value of excess interest spread receivables on de-recognised assets has been computed by discounting net cash flows from such assigned pools with respective pool IRR. Under previous GAAP, such spread was being recognised as and when received in cash.

3 Loans to customers

Ind AS 109 requires transaction costs/fees that are directly attributable to the origination of loan assets to be added or deducted from the carrying amount of loans on initial recognition. These costs/fees are recognised in the profit or loss over the tenure of the loan assets as part of the interest income by applying the effective interest rate method. Under previous GAAP, these fees income were booked as income in profit and loss account as and when incurred & transaction cost was amortised over the tenure of the loan. Accordingly, loan assets have been increased/decreased.

4 Application of expected credit loss method for loan loss provisioning

Under previous GAAP, loans are classified as per NHB guidelines into standard and non performing assets. Provision and write offs are carried out in accordance with the requirements of the NHB guidelines. As per Ind AS 109, the Company is required to apply expected credit loss method for recognising impairment in financial assets.

5 Fair valuation of financial instruments through FVTPL

Under previous GAAP, the Security Receipts were measured at cost. Under Ind AS, the Company has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these instruments are required to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of the instruments and its previous GAAP carrying amount has been recognised in retained earnings. Fair value changes are recognised in the Statement of Profit and Loss for the year ended 31 March 2018.

6 Remeasurement of post-employment benefit obligations

Under Ind AS, actuarial gains and losses on defined benefit plan liabilities and plan assets are recognized in other comprehensive income instead of profit or loss. Under the previous GAAP, such remeasurements were charged to profit or loss for the respective year. As a result of this change, the profit for the year ended 31 March 2018 decreased. There is no impact on the total equity as at 31 March 2018.

7 Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

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First time adoption of Ind AS (cont'd)

8 **Retained earnings**

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments.

(b) **Foot notes to first time adoption (cont'd)**

9 **Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, fair value gain or loss on FVOCI debt instruments and their corresponding income tax effects. The concept of other comprehensive income did not exist under previous GAAP.

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42 Employee Stock Option Plan / Scheme (ESOP / RSO)

A Description of share-based payment arrangements

The company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (MHESOP) in 2018 and Magma Housing Finance - Restricted Stock Option Plan 2018 (MHRSO) in 2018, which were approved by the Board of Directors.

Pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 31.03.2018, the Company has approved the Employee Stock Option Plan 2018 (MHPL ESOP 2018). The members has approved the grant of 3,45,735 options, which can be granted to eligible employees of the Company in 3 tranches. The options shall vest in three equal installments every year, after expiry of one year from the date of grant of option. The Options are not yet due for vesting, hence no allotment made during the year.
Further, pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 26.10.2018, the Company has approved the Restricted Stock Option Plan-2018 (MHRSO 2018). The members has approved the grant of 29,20,000 options granted to eligible employee of the Company. The options shall vest in three equal installments every year, after expiry of one year from the date of grant of option. The Options are not yet due for vesting, hence no allotment made during the year.

Particulars	MHPL ESOP 2018	MHRSO 2018
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme	The vesting conditions are linked to profitability
Vesting period	30% of the options shall vest on the expiry of one year from the date of the Grant 30% of the options shall vest on the expiry of two year from the date of the Grant 40% of the options shall vest on the expiry of three year from the date of the Grant	The RSO as granted will vest in 2 tranches i.e. 14,60,000 were to be vested at the end of 3rd year from the date of joining and balance i.e. 14,60,000 vests at the end of 5th year from the date of joining. The vesting of the RSO options is subject to achievement of specific targets

B Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

MHESOP, 2018

Particulars	As at 31 March 2019	As at 31 March 2018
	No. of options	No. of options
Outstanding options at the beginning of the year	-	-
Granted during the year	345,755	-
Forfeited during the year		
Exercised during the year	-	-
Expired/ lapsed during the year	50,853	-
Outstanding options at the end of the year	294,902	-
Exercisable at the end of the year		-

The options outstanding at 31 March 2019 have an exercise price of ₹ 20.25 (31 March 2018: NIL) and a weighted average remaining contractual life of 2 years (31 March 2018: NIL years).

MHRSO, 2018:

Particulars	As at 31 March 2019	As at 31 March 2018
	No. of options	No. of options
Outstanding options at the beginning of the year	-	-
Granted during the year	2,920,000	-
Forfeited during the year	-	
Exercised during the year	-	-
Expired/ lapsed during the year	-	-
Outstanding options at the end of the year	2,920,000	-
Exercisable at the end of the year		-

The options outstanding at 31 March 2019 have an exercise price of ₹ 10 (31 March 2018: NIL) and a weighted average remaining contractual life of 2 years (31 March 2018: NIL years).

(i) There are no identified employees who were granted ESOP, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.
(ii) There are is 1 identified employee who was granted RSO, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

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c) The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" and the inputs used in the measurement of the grant-date fair values are as follows:

Particulars	MHFL ESOP 2018			MHRSO 2018
	Tranche 1	Tranche 2	Tranche 3	Tranche 1
Fair market value of option on the date of grant	19.72	19.72	16.33	16.33
Exercise price	24.25	24.25	24.25	10
Expected volatility (%)	30.85%	30.85%	42.69%	42.69%
Expected forfeiture percentage on each vesting date				
Expected option life (weighted average)	2.00	2.00	2.00	2.00
Expected dividends yield	-	-	-	-
Risk free interest rate	6.85%	6.85%	7.76%	7.76%

The expected volatility was determined based on historical volatility data of the listed peer Company's shares for the past period.

(i) Company has recognised expense from option plan of ₹ 11.51 lacs (March 31, 2018: NIL) during the year at proportionate cost.

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43 The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

	31 March 2019		31 March 2018		01 April 2017	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months	Within 12 months	More than 12 months
ASSETS						
Financial assets						
Cash and cash equivalents	357.18		835.78	-	768.67	-
Other bank balances	2,058.19	-	-		-	-
Loans	8,745.41	178,524.97	8,909.52	132,074.58	10,101.76	138,743.69
Other financial assets	1,649.35	3,804.90	1,497.00	3,537.03	1,304.62	2,955.79
	12,791.12	182,329.87	11,296.30	136,233.58	16,165.03	141,699.88
Non Financial assets						
Current tax assets (net)	-	17.89	-	218.50	-	215.43
Property, plant and equipment	-	70.73	-	44.89	-	47.31
Capital work-in-progress	-	51.36	-	-	-	-
Other intangible assets	-	50.54	-	36.92	-	92.17
Other non-financial assets	978.18	3.54	634.26	26.71	383.39	14.57
	978.18	140.05	634.26	326.81	383.39	387.58
TOTAL	13,769.30	182,509.72	11,930.56	136,560.39	16,548.42	142,086.46

	31 March 2019		31 March 2018		01 April 2017	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months	Within 12 months	More than 12 months
LIABILITIES AND EQUITY						
LIABILITIES						
Financial Liabilities						
Payables						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	473.94	-	340.58		142.55	-
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-		-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	471.05	-	770.30	-	536.68	-
Debt securities	5,402.17	7,488.43	3,942.77	6,412.24	-	10,417.85
Borrowings (other than debt securities)	61,411.49	54,030.21	54,010.29	38,366.80	57,715.14	55,030.70
Subordinated liabilities	-	9,925.64	-	-	-	-
Other financial liabilities	21,301.11	-	11,138.29	-	4,749.89	-
	89,649.76	71,444.48	70,441.42	44,849.04	63,134.59	65,368.55
Non Financial Liabilities						
Current tax liabilities (net)	95.71	-	280.01	-	81.65	-
Provisions	0.97	66.41	0.74	30.55	0.85	72.00
Deferred tax liabilities (net)	-	499.15	-	318.85	-	309.16
Other non-financial liabilities	1,096.62	-	455.87	-	1,340.24	-
	1,193.30	565.56	1,036.64	349.40	1,434.99	381.16
EQUITY						
Equity share capital		14,810.25	-	14,810.25	-	14,810.25
Other equity	-	19,273.75	-	16,413.77	-	12,508.60
	-	34,084.00	-	31,224.02	-	27,318.85
TOTAL	89,843.06	106,093.96	71,478.43	76,432.62	64,566.54	94,067.96

(All amounts in ₹ lacs, unless otherwise stated)

44 Transferred financial assets

A Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

Securitisations	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Carrying amount of transferred assets measured at amortised cost	17,206.27	-	-
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	16,648.57	-	-
Fair value of assets	17,206.27	-	-
Fair value of associated liabilities	16,648.57		-
Net position at fair value	557.70	-	-

The nature of the risks and rewards of ownership to which the entity is exposed.

A description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets.

Loans and advances to customers are sold by the Company to securitisation vehicles, which in turn issue PTCs to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans and advances to an unconsolidated securitisation vehicle, however it retains credit risk (principally through credit enhancement provided by the Company).
Since substantially all the risks and rewards of the loans transferred has been retained by the Company, it does not derecognise the loans transferred in its entirety and recognise an associated liability for the consideration received.

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45 Disclosure regarding classification of provisions made and loans pursuant to the Prudential Norms contained in the Housing Finance Companies (NHB) Directions, 2010 as amended*

	As at 31 March 2019				As at 31 March 2018			
	Standard assets	Sub-standard assets	Doubtful assets	Total assets	Standard assets	Sub-standard assets	Doubtful assets	Total assets
Balances outstanding								
Housing loans								
- Individuals	122,737.80	1,207.19	500.20	124,445.39	71,667.42	3,346.74	275.89	75,290.53
- Corporate	261.92	92.62	121.67	482.21	768.85	489.59	-	1,258.44
Other loans against property	63,200.98	1,065.67	341.79	64,633.44	66,199.94	2,373.65	1,406.86	69,980.45
Total	186,192.79	2,365.41	963.76	189,560.96	138,636.21	6,209.98	1,682.85	146,529.40
Provisions								
Opening provision	1,603.77	2,769.65	503.42	4,876.84	1,735.82	1,620.51	80.12	3,436.45
Provision made/ (written back) during the year*	(518.56)	(2,142.38)	19.07	(2,641.86)	(92.11)	1,149.14	428.30	1,475.33
Closing provision	1,144.24	627.27	522.11	2,290.62	1,643.77	2,769.65	503.42	4,940.94

* Provision made/ (written back) during the year includes reversal of ₹ [illegible] (31 March 2018: ₹ Nil lacs) for sale of non performing assets

46 Additional disclosures for the Housing Finance Companies pursuant to NHB circular no. NHB/ND/DRS/Pol No. 35/2010-11 dated 11 October 2010:

(a) Capital to Risk Assets Ratio (CRAR)*

	As at 31 March 2019	As at 31 March 2018
(i) CRAR (%)	33.5	30.5
(ii) CRAR - Tier I Capital (%)	25.3	19.4
(iii) CRAR - Tier II Capital (%)	8.2	11.1
(iv) Amount of subordinated debt raised as Tier II Capital	9,575.00	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

(b) Exposure to real estate sector, both direct and indirect

	As at 31 March 2019	As at 31 March 2018
(i) **Direct exposure** (net of provisions for non performing assets)		
1 Residential mortgages		
Lending fully secured by mortgages on residential property that is or will		
(a) Housing loans up to ₹ 15 lacs	42,811.24	31,757.21
(b) Housing loans greater than ₹ 15 lacs	53,312.00	40,874.96
(c) Others	54,951.80	56,636.53
Total	175,075.04	129,268.70
2 Commercial real estate**		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	3,935.90	1,402.01
3 Investments in Mortgage Backed Securities (MBS) and other securitised exposures***		
(a) Residential	-	-
(b) Commercial real estate	983.53	1,306.51
(ii) **Indirect Exposure**		
1 Fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-
2 Non-fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-

* Amounts included above are based on financials prepared under Ind AS including previous year numbers which has been restated. However for the limited purpose of CRAR calculation securitisation transaction (PTC) have been treated as off balance sheet and accordingly reduced from risk weighted assets.
** Commercial Real estate - Residential Housing
*** It is included in "Other financial Assets"

Walker Chandiok & Co LLP Chartered Accountants Mumbai

Magma Housing Finance Limited

Magma Housing Finance Limited
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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
(All amounts in ₹ lacs, unless otherwise stated)

47 Disclosures required in terms of the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 of NHB as on 9th February 2017.

(a) Investments

	As at 31 March 2019	As at 31 March 2018
1 Value of investments		
(i) Gross Value of Investments		
(a) In India*		-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India		
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India*	-	-
(b) Outside India	-	
*Security Receipts of ₹ 985.51 lacs (March 18 ₹ 1,380.51 lacs) included in "Other Financial Assets"		
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

(b) Derivatives

The Company does not have any exposure to derivatives as at 31 March 2019 and 31 March 2018 including forward rate agreement / interest rate swap, exchange traded interest rate (IR) derivatives. The Company does not have any Disclosures (qualitative and quantitative) on Risk Exposure in Derivatives as at 31 March 2019 and 31 March 2018.

(c) Disclosures relating to securitisation*

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

		As at 31 March 2019	As at 31 March 2018
1	No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions ^^	5	-
2	Total amount of securitised assets as per books of the SPVs sponsored	17,340.31	-
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	1,457.90	-
	Others	669.25	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	1,000.75	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	4,855.35	-
	(ii) Exposure to third party securitisations		
	First loss		
	Others	-	-

* Securitisation (PTC) transactions do not meet the de-recognition criteria under Ind AS and accordingly are not derecognised on books. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the limited purpose of disclosure.

^^ Only the SPVs relating to outstanding securitisation transactions are reported here.
# The above figures are being reported based on certificate issued by the trustees of the SPV, as required by revised guidelines on transfer of assets through securitisation.

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(cc) The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transactions issued by Reserve Bank of India on 21 August 2012 is given below

		As at 31 March 2019	As at 31 March 2018
1	Excess interest spread receivable	3,500.58	-
2	Unrealised gain on securitisation transactions	2,500.58	-

(d) Details of Financial Assets sold to Securitisation / Reconstruction Companies

(i) No of Accounts	831	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	2,714.95	-
(iii) Aggregate consideration	2,542.62	
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	(172.33)	-

(e) Details of the net book value of investments in security receipts

(i) Backed by NPAs sold by the Company as underlying*	-	-
(ii) Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying	-	-

* "Security Receipts of ₹ 285.33 lacs (March 18: ₹ 2,098.51 lacs) is included in "Other Financial Assets"

(f) Details of Assignment transactions undertaken by HFCs

(i) No of Accounts	2415	1627
(ii) Aggregate value (net of provisions) of accounts assigned	39,398.71	18,116.38
(iii) Aggregate Consideration	39,398.71	18,116.38
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

(g) Details of non-performing financial assets purchased:
The Company did not purchase any non-performing financial assets during the year ended 31 March 2018 and 31 March 2017.

(h) Details of Non-performing Financial Assets sold:

(i) No of Accounts sold	495	-
(ii) Aggregate outstanding	2,714.95	-
(iii) Aggregate Consideration received	2,542.62	-

(i) Exposure to capital market
The Company does not have any exposure to capital market as at the financial year ended 31 March 2019 and 31 March 2018.

(j) Details of financing of parent company products
The Company has not financed any products of parent company in the financial year ended 31 March 2019 and 31 March 2018.

(k) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC
The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2019 and 31 March 2018.

(l) Unsecured advances
The Company has not given any advances against intangible securities such as charge over the rights, licenses, authority, etc. in the financial year ended 31 March 2019 and 31 March 2018.

(m) Registration obtained from other financial sector regulators
The Company has not obtained any registration from other financial sector regulators other than NHB.

(n) Disclosure of Penalties imposed by NHB and other regulators
No penalties has been imposed by NHB and other regulators on the Company.

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Mumbai
Chartered Accountants

Magma Housing Finance Limited

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(All amounts in ₹ lacs, unless otherwise stated)

(o) Details of ratings assigned by credit rating agencies and migration of ratings during the year

Facilities	Date of rating assigned*	Rating assigned	Previous Rating assigned
(i) Long term bank facilities	06-Jul-18	CARE AA-	CARE AA
	17-Apr-18	ICRA AA-	ICRA AA-
(ii) Secured non-convertible debentures	06-Jul-18	CARE AA-	CARE AA
	17-Apr-18	ICRA AA-	ICRA AA-
	25-Feb-19	BWR AA	-
(iii) PTC (in respect of securitisation transaction)	01-Feb-19	AA (SO)	-
	01-Mar-19	AA (SO)	-
(iv) Commercial paper	17-Apr-18	CRISIL A1+	CRISIL A1+

* Date of Rating assigned relates to rating valid on 31 March 2019

(p) Remuneration of Directors

Name of the non-executive directors	Nature of transaction	Year ended 31 March 2019	Year ended 31 March 2018
(i) [illegible]	Director sitting fee	4.10	4.10
(ii) [illegible]	Director sitting fee	3.10	-

(q) Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in profit and loss Account	Year ended 31 March 2019	Year ended 31 March 2018
Provision for depreciation on investment	-	-
Under "Employee Benefit Expenses"		
(i) Provision for compensated absences	56.78	50.05
Under "Impairment on Loan Allowances"		
(i) Provision towards non-performing assets (NPAs)	(882.09)	1,560.46
(ii) Provision for standard assets	(549.76)	(88.29)
Under "Tax expenses"		
(i) Provision made towards Income tax (includes deferred tax)	1,238.77	1,009.75

(r) Provisions and contingencies

Break up of Loan and Advances and Provisions thereon	As at 31 March 2019 Housing	As at 31 March 2019 Non Housing	As at 31 March 2018 Housing	As at 31 March 2018 Non Housing
Standard Assets				
(i) Total outstanding amount	122,085.61	63,003.98	73,138.69	66,455.04
(ii) Provision made	372.86	476.01	1,079.85	967.94
Sub-Standard Assets				
(i) Total outstanding amount	1,298.74	1,088.67	1,738.29	2,713.03
(ii) Provision made	387.49	239.97	2,100.14	464.55
Doubtful Assets-Category I				
(i) Total outstanding amount	648.57	206.20	117.77	488.43
(ii) Provision made	414.34	77.57	157.30	322.28
Doubtful Assets-Category II				
(i) Total outstanding amount	-	135.59	54.72	118.42
(ii) Provision made	-	79.30	16.71	12.89
Doubtful Assets-Category III				
(i) Total outstanding amount	-			
(ii) Provision made	-	-	-	-
Loss Assets				
(i) Total outstanding amount	-		-	-
(ii) Provision made	-	-	-	-
Total				
(i) Total outstanding amount	124,032.52	64,433.44	75,048.53	69,800.43
(ii) Provision made	1,174.38	824.26	3,342.50	1,555.66

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(All amounts in ₹ lacs, unless otherwise stated)

(s) Draw down from Reserves

The Company has not drawn any amount from Reserves during the financial year ended 31 March 2019 and 31 March 2018 respectively.

(t) Concentration of Public Deposits, Advances, Exposures and NPAs.

(i) Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

The Company has not taken any public deposits during the financial years ended 31 March 2019 and 31 March 2018 respectively.

(ii) Concentration of Loans and Advances

	As at 31 March 2019	As at 31 March 2018
Total Loans and Advances to twenty largest borrowers	7,789.64	5,590.92
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	4.11%	3.82%

(iii) Concentration of all Exposures (including off-balance sheet exposure)

Total Exposure to twenty largest borrowers / customers	7,024.16	5,458.19
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the HFC on borrowers / customers	4.02%	3.87%

(iv) Concentration of NPAs

Total Exposure to top ten NPA accounts	1,231.46	1,176.32

(v) Sector-wise NPAs

Sector	% of NPAs to Total Advances in that sector	
	As at 31 March 2019	As at 31 March 2018
(A) Housing Loan		
1 Individuals	0.97%	4.31%
2 Builders/Project Loans	15.85%	49.52%
3 Corporates	25.69%	0.00%
4 Others (specify)	0.00%	0.00%
(B) Non-Housing Loan		
1 Individuals	2.27%	5.43%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	4.69%
4 Others (specify)	0.00%	0.00%

(u) **Movement of NPAs**

	As at 31 March 2019	As at 31 March 2018
i) Net NPAs to Net Advances (%)	1.18%	3.20%
ii) Movement of NPAs (Gross)		
a) Opening balance	7,890.79	7,183.45
b) Additions during the year	2,052.44	5,382.23
c) Reductions during the year	(6,574.06)	(4,674.89)
d) Closing balance	3,369.17	7,890.79
iii) Movement of Net NPAs		
a) Opening balance	4,612.68	5,472.01
b) Additions during the year	1,500.35	2,678.68
c) Reductions during the year	(3,898.74)	(3,538.01)
d) Closing balance	2,214.79	4,612.68
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	3,278.11	1,711.44
b) Provisions made during the year	552.09	2,703.55
c) Write-off / (write-back) of excess provisions	(2,075.92)	(1,136.88)
d) Closing balance	1,854.38	3,278.11

(v) **Overseas Assets**
The company does not have any overseas assets as at 31 March 2019 and 31 March 2018.

(w) **Off- Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**
The company does not have any exposure to off balance sheet SPVs sponsored as at 31 March 2019 and 31 March 2018.

(x) **Customer Complaints**

	Year ended 31 March 2019	Year ended 31 March 2018
No. of complaints pending at the beginning of the year	0	1
No. of complaints received during the year	15	14
No. of complaints redressed during the year	12	15
No. of complaints pending at the end of the year	3	0

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Aadhar Housing Finance Limited

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
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48 Asset Liability Management
Maturity pattern of certain items of assets and liabilities as at 31 March 2019

(₹ in crores)

	Upto 1 month	Over 1 Months upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Year to 7 Year	Over 7 Year to 10 Year	Over 10 Years	Total
Liabilities											
Borrowings from banks ^	2.94	4.62	54.59	45.19	408.34	265.70	138.50	127.19	30.42	77.74	1,155.25
Market borrowings **	24.83	29.69	48.91	5.00	44.82	64.89	10.00	-		-	228.15
Foreign Currency Liabilities											
Assets											
Advances	50.42	38.34	37.40	109.17	202.43	740.30	375.12	188.57	133.73	30.92	1,906.41
Investments***		-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

^ Includes Cash credit facilities and working capital demand loans from banks which 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. It also includes loan from PTC investors.

** Includes secured redeemable non-convertible debentures.

***Security Receipts of ₹ 983.33 lacs (March 18 ₹ 1280.51 lacs) included in "Other Financial Assets"

Disclosure required in terms of the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 of NHB as on 9th February 2017.

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49 Additional disclosures for the Housing Finance Companies pursuant to NHB circular no. NHB(ND)/ DRS/Pol. Circular.61/ 2013-14 dated April 7, 2014:

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act ("NHB Act"), 1987	1,247.63	1,144.27
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	2,462.37	2,095.73
c) Total	3,710.00	3,240.00
Additions/Appropriations/Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	340.00	103.36
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987*	550.00	366.64
Less:		
a) Amount appropriated from the Statutory reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special reserve u/s 36(1)(viii) Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987		-
Balance at the end of the year		
a) Statutory reserve u/s 29C of the NHB Act, 1987	1,587.63	1,247.63
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	3,012.37	2,462.37
c) Total	4,600.00	3,710.00

*During the year 2018-19 there was a additional transfer to special reserve under Sec 36(1)(viii) of Income Tax Act, 1961 of ₹ [illegible] lacs. This additional reserve is created for 2017-18 in line with requirement of Sec 36(1)(viii) of Income Tax Act, 1961

50 Contingent liabilities and commitments (to the extent not provided for)	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) Contingent liabilities			
Claims against the Company not acknowledged as debt			
(i) Service tax matters under dispute	69.72	40.55	44.[illegible]
(B) Commitments			
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	7.[illegible]	0.75	6.17
(ii) Undrawn of housing / other loans	12,880.[illegible]5	1,237.40	2,747.15

(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/Ind AS/NHB Regulations for material foreseeable losses on such long term contracts has been made in the books of account.
The Company has certain litigations pending with various tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

(D) The Hon'ble Supreme Court has in a recent decision dated 28 February 2019, ruled that special allowance would form part of basic wages for computing the provident fund contribution. Management believes that there are numerous interpretative issues on inclusion of allowances for the purpose of provident fund contribution as well as its applicability of effective date. While the Company is evaluating the implication of the order, no reliable estimate can be made as the amount is not determinable due to which it is disclosed as contingent liability.

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Magma Housing Finance Limited

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
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54 Details of Corporate Social Responsibility (CSR) expenditure

	Year ended 31 March 2019	Year ended 31 March 2018
A CSR committee has been formed by the Company as per the Companies Act, 2013. CSR expenses have been incurred throughout the year on the activities as specified in Schedule VII of the Act		
Gross amount required to be spent by the Company during the year	41.08	49.21
Amount Spent during the year	52.90	6.54
i) Construction/ acquisition of any asset	-	-
ii) Purposes other than above	52.90	6.54
	52.90	6.54

55 Disclosure relating to fraud
During the year ended 31 March 2019, [illegible] (31 March 2018: [illegible]) case(s) of frauds have been detected and reported. The unrecovered amount aggregating to ₹ [illegible] lacs (31 March 2018: ₹ [illegible] lacs) have been fully provided for / written-off as the case may be.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: [illegible] May 2019

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MUMBAI
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For and on behalf of the Board of Directors
Magma Housing Finance Limited

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: [illegible])

[illegible]
Chief Financial Officer

Place: Mumbai
Date: [illegible] May 2019

Sanjay Chamria
Chairman
(DIN: 00009894)

[illegible]
Company Secretary

Magma Housing Finance Limited

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
16th Floor, Tower II
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Mumbai 400013
India

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Independent Auditor's Report

To the Members of Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)]

Report on the Financial Statements

1. We have audited the accompanying financial statements of Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)], ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 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 prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. 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.

MUMBAI

5. We conducted our audit in accordance with the Standards of 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.

6. 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 auditors' 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 controls 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 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.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2018, and its profit and its cash flows for the year ended on that date.

Other matter

9. The financial statements of the Company as at and for the year ended 31 March 2017 was audited by another auditor whose report dated 03 May 2017, expressed an unqualified opinion on those financial statements. The balances as at 31 March 2017 as per the audited financial statements, regrouped and/ or reclassified wherever necessary, have been considered as opening balances for the purpose of these financial statements.

Report on Other Legal and Regulatory Requirements

10. 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 paragraphs 3 and 4 of the Order

11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 financial statements dealt with by this report are in agreement with the books of account,

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. on the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 30 April 2018 as per Annexure B expresses our unmodified opinion on adequacy and operative effectiveness of internal controls over financial reporting; 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in Note 37 to the financial statements, has disclosed the impact of pending litigations on its financial position;

   ii. the Company did not have any long-term contracts including derivatives contract for which there were any material foreseeable losses;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

per Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 30 April 2018

Chartered Accountants

Annexure to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)], on the financial statements for the year ended 31 March 2018

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.

(ii) The Company is a housing finance company, primarily engaged in the business of lending for housing loans and does not hold any inventories. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has granted loan to one company covered in the register maintained under Section 189 of the Act and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular, and

(c) there are no overdue amounts in respect of loan granted to such company.

(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 security covered under section 185 of the Act. In our opinion, the Company has not undertaken any transaction in respect of investments, guarantees and security covered under section 186 of the Act. Further, in our opinion, the Company has complied with the provisions of section 186 of the Act in respect of loans given.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Annexure to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)], on the financial statements for the year ended 31 March 2018

Annexure A (Contd)

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, except for delays ranging from 10 days to 178 days with respect to deposit of professional tax with appropriate authorities due to pending registration. This was subsequently regularized during the year ended 31 March 2018 after the registration was obtained, except for two branches. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount paid under protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	40.36	12.00	2005-06 to 2008-09	CESTAT, Chennai
The Income-tax Act, 1961	Income tax	11.81	Nil	AY 2009-2010	Deputy Commissioner of Income Tax
The Income-tax Act, 1961	Income tax	2.36	Nil	AY 2010-2011	Deputy Commissioner of Income Tax

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to any financial institution or government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the Company has applied the term loans for the purposes for which these were raised.

(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 or by the Company have been noticed or reported during the course of our audit.

(xi) Managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Annexure to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)], on the financial statements for the year ended 31 March 2018

Annexure A (Contd)

(xi) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them, covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

per **Manish Gujral**
Partner
Membership No.: 105117

Place: Mumbai
Date: 30 April 2018

Annexure to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)], on the financial statements for the year ended 31 March 2018

Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)] ("the Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as that date

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 (the "Guidance Note") 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 the company's 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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

5. 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 IFCoFR.

Walker Chandiok & Co LLP
Mumbai
Chartered Accountants

Annexure to the Independent Auditor's Report of even date to the members of Magma Housing Finance Limited (Formerly Magma Housing Finance (A Public Company with Unlimited Liability)), on the financial statements for the year ended 31 March 2018

Annexure B (Contd)

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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 issued by the ICAI.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 30 April 2018

Balance Sheet

MAGMA HOUSING FINANCE LIMITED

(Formerly Magma Housing Finance (a Public Company with Unlimited Liability))

(₹ in lacs)

	Note No.	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,810.25	14,810.25
Reserves and surplus	4	15,011.56	12,691.57
		29,821.81	27,501.82
Non-current liabilities			
Long-term borrowings	5	44,952.34	66,504.46
Deferred tax liabilities (net)	6	-	406.31
Long-term provisions	7	3,458.81	1,770.73
		48,411.15	68,681.50
Current liabilities			
Short-term borrowings	8	41,129.10	38,273.44
Trade payables	9		
- Due to micro, small and medium enterprises		-	-
- Due to others		348.38	142.95
Other current liabilities	10	29,868.65	26,107.68
Short-term provisions	11	310.74	162.71
		71,656.87	64,686.78
Total		149,889.83	160,870.10
ASSETS			
Non-current assets			
Property, plant and equipment - Tangible assets	12(A)	44.82	47.21
Intangible assets	12(B)	76.92	92.17
Non-current investments	13	1,047.02	1,225.46
Deferred tax assets (net)	6	44.27	-
Long-term loans and advances	14		
- Housing and property loans		136,899.10	138,922.06
- Others		143.37	3,753.06
Other non-current assets	15	738.54	790.17
		138,994.04	144,830.13
Current assets			
Cash and cash equivalents	16	869.78	768.87
Short-term loans and advances	17		
- Housing and property loans		7,749.55	13,119.11
- Others		584.82	343.90
Other current assets	18	1,691.64	1,808.09
		10,895.79	16,039.97
Total		149,889.83	160,870.10

Notes 1 to 41 forms an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Manish Gujral
Partner
Mumbai, 30 April 2018

Manish Jaiswal
Managing Director & Chief Executive Officer

Gauri Shankar Agarwal
Chief Financial Officer

Sanjay Chamria
Chairman

Priti Saraogi
Company Secretary
Mumbai, 30 April 2018

Statement of Profit and Loss

MAGMA HOUSING FINANCE LIMITED

(Formerly Magma Housing Finance (A Public Company with Unlimited Liability))

(₹ in lacs)

	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
REVENUE			
Revenue from operations	19	21,942.40	24,861.11
Other income	20	222.84	243.07
Total revenue		22,165.24	25,104.18
EXPENSE			
Employee benefits expense	21	3,375.48	2,741.98
Finance costs	22	10,890.49	14,275.64
Depreciation and amortisation expense	23	23.85	19.58
Provisions and bad debts written-off	24	2,119.24	775.35
Other expenses	25	2,196.06	2,093.75
Total expense		18,605.22	19,906.30
Profit before tax		**3,560.02**	5,197.88
Tax expense:			
Current tax - current year		1,693.00	1,602.61
- earlier year		(2.39)	194.53
Net current tax		1,690.61	1,797.14
Deferred tax charge/(credit)		(450.58)	26.80
Profit after tax		**2,319.99**	3,373.94
Earnings per equity share			
(Nominal value of ₹ 10/- each, fully paid up):	29		
Basic and diluted (in ₹)		1.57	2.28

Notes 1 to 41 form an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date

For and on behalf of the Board of Directors

For Walker Chandiok & Co. LLP
Chartered Accountants

Manish Jaiswal
Managing Director & Chief Executive Officer

Sanjay Chamria
Chairman

Manish Gujral
Partner
Mumbai, 30 April 2018

Gauri Shankar Agarwal
Chief Financial Officer

Priti Saraogi
Company Secretary
Mumbai, 30 April 2018

Cash Flow Statement

MAGMA HOUSING FINANCE LIMITED

(Formerly Magma Housing Finance (A Public Company with Unlimited Liability))

(₹ in lacs)

		Year ended 31 March 2018		Year ended 31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		**3,560.42**		5,197.88
Adjustments for :				
Depreciation and amortisation expense	23.85		19.58	
Interest expense	9,873.16		13,033.11	
General provision against standard assets	(90.00)		(130.00)	
Provision for non-performing assets	1,749.32		398.48	
Bad debts written-off	459.72		686.91	
Loss/(Gain) on sale of non-performing asset	-		(180.04)	
Loss on sale of property, plant and equipment	-		6.30	
Discount on commercial papers	690.31	12,706.36	965.28	14,799.62
Operating cash flow before working capital changes		**16,266.78**		19,997.50
Adjustments for :				
Decrease in loans and advances	10,207.68		26,114.62	
Decrease in other assets	168.08		193.05	
Increase / (decrease) in trade payables	205.43		(115.14)	
Decrease in provisions	(21.54)		(38.59)	
Increase / (decrease) in other current liabilities	(652.89)	9,906.76	737.54	26,891.48
Net cash generated from operations		26,173.54		46,888.98
Taxes paid (net)	(1,377.15)	(1,377.15)	(1,729.17)	(1,729.17)
Net cash generated from operating activities (A)		24,796.39		45,159.81
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (including capital work-in-progress)	(7.65)		(42.74)	
Investments in security receipts	-		(1,225.46)	
Redemption of security receipts	178.44		-	
Sale of property, plant and equipment	-		0.11	
Net cash generated from / (used in) investing activities (B)		170.79		(1,268.09)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from / (repayment of) long-term borrowings (net)	(18,718.56)		(357.97)	
Proceeds from / (repayment of) short-term borrowings (net)	2,165.15		(31,576.29)	
Interest paid	(8,292.86)		(12,774.58)	
Net cash used in financing activities (C)		(24,846.27)		(44,708.84)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		120.91		(817.12)
Cash and cash equivalents as at the beginning of the year		768.87		1,585.99
Cash and cash equivalents as at the end of the year		**889.78**		768.87
CASH AND CASH EQUIVALENTS (Note 16)				
Cash in hand		0.40		0.40
Balances with banks				
In current accounts		889.38		768.47
		889.78		768.87

This is the statement of cash flow statement referred to in our report of even date

For and on behalf of the Board of Directors

For Walker Chandiok & Co. LLP
Chartered Accountants

Manish Gujral
Partner
Mumbai, 30 April 2018

Manish Jaiswal
Managing Director & Chief Executive Officer

Sanjay Chamria
Chairman

Gauri Shankar Agarwal
Chief Financial Officer

Priti Saraogi
Company Secretary
Mumbai, 30 April 2018

Note: 1

COMPANY OVERVIEW:

Magma Housing Finance Limited. [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)] ("MHFL", or , "the Company") was incorporated on 21 April 2004 under the provisions of Companies Act, 1956, to carry on the business of housing finance in India. The Company was registered as a non-deposit taking housing finance company with the National Housing Bank ("NHB") in October 2004. The Company commenced business operations in November 2004. On 11 February 2013, 100% shares of the Company were acquired by Magma Advisory Services Limited. Magma Advisory Services Limited was subsequently merged with Magma Fincorp Limited with effect from 1 April 2017, consequent to which the Company became a wholly owned subsidiary of Magma Fincorp Limited.

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 Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the provisions of the Act (to the extent notified and applicable) and the directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 (as amended) ("the NHB guidelines") issued by the National Housing Bank. The financial statements have been prepared under the historical cost convention and on accrual basis, unless otherwise stated.

(b) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

(c) The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) Use of estimates and judgements

The preparation of financial statements in conformity with the 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. Examples of such estimates include provision for doubtful loans and advances, future obligations under employee retirement benefit plans, income taxes, classification of assets and liabilities into current and non-current and the useful lives of fixed assets, etc. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(iii) Housing and property loans

(a) Housing and property loans include housing loans and loan against property and also amounts paid for acquiring loan portfolio from other Banks / Non-Banking Finance Companies (NBFCs) / Housing Finance Companies (HFCs).

(b) Housing and property loans represents amounts receivable under loan agreements and insurance premium funded, if any, and are valued at net investment amount including instalments due. The balances are net of amounts securitized/assigned

(iv) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the collectibility is reasonably assured.

(a) Interest on loans is recognised by applying the Internal Rate of Return (IRR) implicit in the agreement, on diminishing balance of the financed amount over the period of the agreement so as to provide a constant periodic rate of return on the net cash investment outstanding on the contracts. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Magma Housing Finance Limited

(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 Reserve Bank of India Master Directions – Non Banking Finance Companies – 2016. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

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

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

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

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

(e) Management Fees on processing of loans as per the agreement are recognised upfront when a binding obligation for granting loan has been entered into.

(f) The sale of non-performing assets is accounted for as per guidelines prescribed by Reserve Bank of India. On Sale, the assets are derecognized from the books. If the sale proceeds are lower than the net book value (NBV) (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss in the year of sale. In case of sale other than in cash, if the sale proceeds are higher than the NBV, the excess provision is written back in the year the amounts are received, as required by the Reserve Bank of India.

(g) Income on Security Receipts (SRs) are recognised only after the full redemption of the entire principal amount of SRs.

(v) **Loan origination cost**

Upfront expense pertaining to loan origination is amortised over the tenure of the underlying contracts.

(vi) **Provisions for loan portfolio**

Loans are classified as per the NHB guidelines into standard and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on criteria stipulated as per the NHB guidelines. Provisions and write-offs are carried out in accordance with the requirements of the NHB guidelines. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk wherever necessary.

All loan contracts with overdues for more than 51 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written-off contracts are included in 'other income'.

(vii) **Property, plant and equipment – Tangible assets**

Tangible property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation. The cost of property, plant and equipment 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 property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advances under Long term loans and advances. The cost of property, plant and equipment not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

Intangible assets

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization.

Walker Chandiok & Co LLP
Mumbai
Chartered Accountants

Magma Housing Finance Limited

(viii) Depreciation and amortization

Depreciation on property, plant and equipment is provided systematically using straight line method over its useful life as prescribed in Schedule II to the Act. Depreciation is calculated on a pro-rata basis from the date of installation till date the assets are sold or disposed. Written down value of all assets acquired prior to 1 April 2014 are being depreciated over their remaining useful life as prescribed in Schedule II of the Act.

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

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

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

(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 if 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 investments intended to be held for a period of more than a year. Non current investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

(c) Current investments are investments intended to be held for a period of less than a year. Current investments are carried at the lower of cost and fair value determined on an individual investment basis.

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

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

(f) Investment in Security Receipts (SRs) is recognised at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the SRs; or (ii) estimated Redemption value of SRs at the end of each reporting period, as prescribed by Reserve Bank of India. In cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the underlying financial assets, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments. The security receipts outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

(xi) Employee benefits

(a) *Provident fund*

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

(b) *Gratuity*

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) *Compensated absences*

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

(xii) Taxes on income

Income-tax expense comprises 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 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 ('IT Act') is recognised as current tax in the statement of profit and loss. The credit available under the IT 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) Contingent liabilities and contingent assets

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

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

(xiv) Borrowing costs

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

Upfront expense pertaining to loan origination is amortised over the tenure of the underlying contracts. 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.

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(xv) 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.

(xvi) 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.

(xvii) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash-in-transit and deposit with banks and corporations. The Company considers all highly liquid investments with a remaining 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.

(xviii) 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.

(xix) Securitisation/Assignment of Loan Portfolio

Derecognition of loans assigned/securitized in the books of the Company, recognition of gain/loss arising on securitization/assignment and accounting for credit enhancements provided by the Company is based on the guidelines issued by Reserve Bank of India.

Derecognition of loans assigned/securitized in the books of the Company is based on the principle of surrender of control over the loans resulting in a "true sale" of loans.

(xx) Transactions in foreign currency

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction. Foreign currency monetary items are reported using the year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Magma Housing Finance Limited

(₹ in lacs)

	As at 31 March 2018	As at 31 March 2017
Note: 3		
SHARE CAPITAL		
Authorised		
200,000,000 (2017: 200,000,000) Equity shares of ₹ 10/- each	20,000.00	20,000.00
	20,000.00	20,000.00
Issued, subscribed and paid-up		
Equity share capital		
148,102,500 (2017: 148,102,500) Equity shares of ₹ 10/- each, fully paid up.	14,810.25	14,810.25
	14,810.25	14,810.25

A. Reconciliation of the number of equity shares outstanding and the amount of share capital:

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
Opening balance	148,102,500	14,810.25	148,102,500	14,810.25
Equity shares issued during the year	-	-	-	-
Closing balance	148,102,500	14,810.25	148,102,500	14,810.25

B. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- each. Each shareholder of the Company is entitled to one vote per share.

The dividend as and when proposed by the Board of Directors will be subject to the approval of the shareholders to be obtained in the Annual General Meeting, which shall be paid in Indian rupees.

In the event of liquidation of the Company, the equity shareholders of the Company are entitled to receive the remaining assets of the Company after discharging all liabilities of the Company in proportion to the number of equity shares held by the equity shareholders.

Dividend on shares are recorded as a liability on the date of approval by the shareholders at the ensuing Annual General Meeting.

C. Shares held by Holding Company and details of shareholder holding more than 5% equity shares is set below:

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	% of holding	No. of shares	% of holding
Magma Fincorp Limited	148,102,450	100.00	-	-
Magma Advisory Services Limited	-	-	148,102,450	100.0

D. The Central Government has passed a Confirmation Order dated 15 January 2018 pursuant to the provisions of Section 233 of the Companies Act, 2013 approving the merger of Magma Advisory Services Limited ("MASL") with Magma Fincorp Limited ("MFL") with effect from 01 April 2017, being the Appointed date as provided in the Scheme. By virtue of the said merger, Magma Housing Finance Limited ("the Company") a wholly owned subsidiary of MASL and step down subsidiary of the MFL has become a direct wholly owned subsidiary of MFL. Accordingly, the shares of the Company has been transferred to MFL.

E. Shares issued for consideration other than cash:

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

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(₹ in lacs)

	As at 31 March 2018	As at 31 March 2017
Note: 4		
RESERVES AND SURPLUS		
Statutory reserve (Note 36)		
(As per section 29C of the National Housing Bank Act, 1987) *		
Opening balance	3,240.00	2,560.00
Add: Transfer from surplus in the statement of profit and loss	470.00	680.00
	3,710.00	**3,240.00**
Surplus in the statement of profit and loss		
Opening balance	9,451.57	6,757.63
Profit for the year	2,319.99	3,373.94
Amount available for appropriations	**11,771.56**	10,131.57
Appropriations		
Transfer to statutory reserve	**470.00**	680.00
Net surplus in the statement of profit and loss	**11,301.56**	9,451.57
	15,011.56	12,691.57

* Statutory reserve represents the Reserve Fund created under section 29C of the National Housing Bank Act, 1987. Under section 29C, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilised for the purposes as specified by the National Housing Bank from time to time.

(₹ in lacs)

	Security As per	As at 31 March 2018	As at 31 March 2017
Note: 5			
LONG-TERM BORROWINGS *(Secured)*			
Debentures			
Redeemable Non-Convertible debentures	(a)	6,500.00	10,500.00
		6,500.00	10,500.00
Term loans			
from banks	(b)	38,452.34	56,004.46
		38,452.34	56,004.46
		44,952.34	66,504.46

Nature of security

(a) Debentures are secured by first charge ranking pari-passu with each other on the Company's book debts and loan instalments receivables along with mortgage created over the Immovable Property situated at Barasat, Dist - 24 Parganas (N).

(b) All Term loans from banks (except for two term loans which are secured by way of exclusive charge over receivables arising out of assets financed against the said term loan) are secured by way of first charge ranking pari-passu over the entire current assets, both present & future, including the entire book debts, loan installments, receivables and underlying assets arising out of finance (except those assets exclusively financed by other loans) of the company.

Details of long term borrowings

(A) Secured redeemable non-convertible debentures

Repayment Terms: On maturity, at par

Number of Debentures	Face Value (₹ in lacs)	Month of Allotment	Month of Redemption	As at 31 March 2018 Non-Current	As at 31 March 2018 Current maturities*	As at 31 March 2017 Non-Current	As at 31 March 2017 Current maturities*
100	10	Mar-16	Mar-23	1,000.00	-	1,000.00	-
200	10	Mar-15	Mar-22	2,000.00	-	2,000.00	-
350	10	Mar-15	Mar-20	3,500.00	-	3,500.00	-
400	10	Feb-15	Apr-18	-	4,000.00	4,000.00	-
				6,500.00	4,000.00	10,500.00	-

The above debentures carry interest rates ranging from 10% p.a. to 10.33% p.a. (2017: from 10.00% p.a. to 10.33% p.a.)

(B) Term loans from banks

Terms of repayment

Repayment Terms	Interest Term	Repayment commencing from	No. of Instalments not due	As at 31 March 2018 Non-Current	As at 31 March 2018 Current maturities*	As at 31 March 2017 Non-Current	As at 31 March 2017 Current maturities*
Quarterly	Floating	Jun-18	25	4,285.73	714.29	5,000.00	-
Quarterly	Floating	Sep-17	25	3,750.00	714.29	4,285.71	714.29
Quarterly	Floating	Jun-19	16	7,500.00	-	-	-
Quarterly	Floating	Jun-17	12	5,000.00	2,500.00	7,500.00	2,500.00
Quarterly	Floating	Mar-17	11	8,750.00	5,000.00	13,750.00	5,000.00
Quarterly	Floating	Aug-17	9	2,083.33	1,666.67	3,750.00	1,250.00
Quarterly	Floating	Jun-17	8	5,000.00	4,094.28	13,333.33	6,666.67
Quarterly	Floating	Sep-16	5	833.33	3,333.33	4,166.67	3,333.33
Half-Yearly	Floating	Jun-16	4	1,249.95	1,250.00	2,500.00	1,250.00
Quarterly	Floating	Feb-17	0	-	-	1,718.75	625.00
				38,452.34	20,172.85	56,004.46	21,339.29

The above term loans carry interest rates ranging from 8.90% p.a. to 9.40% p.a. (2017: from 9.30% p.a. to 10.10% p.a.)

*Current maturities of long-term borrowings amounting to ₹ 24,172.85 lacs (2017: ₹ 21,339.29 lacs) has been shown separately under the head 'Other current liabilities' (Note 10).

(₹ in lacs)

	As at 31 March 2018	As at 31 March 2017
Note: 6		
DEFERRED TAX ASSETS/LIABILITIES (NET)		
Deferred tax assets		
Contingent provision against standard assets	192.19	221.49
Provision for non-performing assets	1,009.27	354.09
Others	62.13	75.84
	1,263.59	651.42
Deferred tax liabilities		
Unamortised expense	333.87	352.99
Statutory reserve	860.45	725.29
Others	25.00	19.45
	1,219.32	1,097.73
Deferred tax assets/liabilities (net)	44.27	(446.31)

	As at 31 March 2018	As at 31 March 2017
Note: 7		
LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	50.55	72.00
Other provisions		
Contingent provision against standard assets	520.00	560.00
Provision for non-performing assets		
- Housing loans	1,359.87	615.17
- Other loans against property	1,528.39	523.56
	3,458.81	1,770.73

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Magma Housing Finance Limited

(₹ in lacs)

	As at 31 March 2018	As at 31 March 2017
Note: 8		
SHORT-TERM BORROWINGS		
Loan from banks		
Secured		
Term loans (refer note (a) below)	2,500.00	5,000.00
Cash credit facilities (refer note (b) below)	8,714.69	8,383.00
Working capital demand loans (refer note (b) below)	25,000.00	15,000.00
	36,214.69	28,383.00
Commercial papers		
Unsecured		
Face value	5,000.00	10,000.00
Less: Unmatured discounting charges	85.59	109.56
	4,914.41	9,890.44
	41,129.10	38,273.44

***Nature of security**

(a) Term loans from banks are secured by way of first charge ranking pari-passu over the entire current assets, both present & future, including the entire book debts, loan installments, receivables and underlying assets arising out of finance (except those assets exclusively financed by other loans) of the company.

(b) Cash credit facilities and working capital demand loans from banks are secured by way of first charge ranking pari-passu over the entire current assets, both present & future, including the entire book debts, loan installments, receivables and underlying assets arising out of finance (except those assets exclusively financed by other loans) of the company

Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carries interest rate at 8.95% p.a. to 10.50% p.a.(2017: from 9.50% p.a. to 10.50% p.a.)
As per the prevalent practice, cash credit facilities are renewed on a year to year basis and therefore, are revolving in nature.
Working capital demand loans are repayable on demand and carry interest rates ranging from 8.15% p.a. to 8.30% p.a.(2017: from 8.15% p.a. to 8.70% p.a.)

Terms of repayment of term loans

Repayment Terms	Interest Terms	Rate of Interest	As at 31 March 2018	As at 31 March 2017
Half-yearly	Floating	9.85%	2,500.00	5,000.00
			2,500.00	5,000.00

Details of unsecured commercial papers

Number of units	Face Value (₹ in lacs)	Repayment Terms	As at 31 March 2018	As at 31 March 2017
1,000	5	at Par	4,914.41	-
2,000	5	at Par	-	9,890.44
			4,914.41	9,890.44

The above commercial papers carry interest rate ranging from 7.90% p.a. to 8.50% p.a. with maturity in 3 months.(from 7.79% p.a. to 7.80% p.a. with maturity ranging from 1 to 3 months.)

(₹ in lacs)

	As at 31 March 2018	As at 31 March 2017
Note: 9		
TRADE PAYABLES		
Due to micro, small and medium enterprises*	-	-
Due to others	348.38	142.95
	348.38	**142.95**

* The Company has no dues to micro, small and medium enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2018 and 31 March 2017. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

	As at 31 March 2018	As at 31 March 2017
Note: 10		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (refer Note 5)	24,172.85	21,339.29
Interest accrued but not due on borrowings	2,113.06	955.17
Interest accrued and due on borrowings	422.41	-
Advances from customers	757.21	1,281.85
Statutory dues	98.66	67.39
Pending remittance on assignment transactions	1,534.27	1,937.36
Other payables	770.19	526.62
	29,868.65	**26,107.68**

	As at 31 March 2018	As at 31 March 2017
Note: 11		
SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	0.74	0.83
Other provisions		
Contingent Provisions against Standard Assets	30.00	80.00
Provision for taxation (net)	280.00	81.88
	310.74	**162.71**

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Note: 12(A)

PROPERTY, PLANT AND EQUIPMENT - TANGIBLE ASSETS

(₹ in lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 01 April 2017	Additions	Deletions	As at 31 March 2018	As at 01 April 2017	For the year	Deletions	As at 31 March 2018	As at 31 March 2018
Building	21.46	-		21.46	1.38	0.36	-	1.74	19.72
Furniture and fixtures	11.62	1.63		13.25	3.51	0.96	-	4.47	8.78
Office equipments	7.23	0.22		7.45	2.26	0.98	-	3.24	4.21
Leasehold improvements	17.03	-	-	17.03	2.98	1.94	-	4.92	12.11
Total (A)	57.34	1.85	-	59.19	10.13	4.24	-	14.37	44.82

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 01 April 2016	Additions	Deletions	As at 31 March 2017	As at 01 April 2016	For the year	Deletions	As at 31 March 2017	As at 31 March 2017
Building	21.46	-	-	21.46	1.02	0.36	-	1.38	20.08
Furniture and fixtures	11.13	3.21	2.72	11.62	3.47	1.12	1.08	3.51	8.11
Office equipments	8.17	1.25	2.19	7.23	2.07	0.88	0.69	2.26	4.97
Leasehold improvements	12.97	8.42	4.36	17.03	2.15	1.92	1.09	2.98	14.05
Total (A)	53.73	12.88	9.27	57.34	8.71	4.28	2.86	10.13	47.21

Note: 12(B)

INTANGIBLE ASSETS

Description of assets	Gross Block				Depreciation and amortisation				Net block
	As at 01 April 2017	Additions	Deletions	As at 31 March 2018	As at 01 April 2017	For the year	Deletions	As at 31 March 2018	As at 31 March 2018
Computer softwares	116.17	4.36	-	120.53	24.00	19.61	-	43.61	76.92
Total (B)	116.17	4.36	-	120.53	24.00	19.61	-	43.61	76.92

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 01 April 2016	Additions	Deletions	As at 31 March 2017	As at 01 April 2016	For the year	Deletions	As at 31 March 2017	As at 31 March 2017
Computer softwares	79.49	36.68	-	116.17	8.70	15.30	-	24.00	92.17
Total (B)	79.49	36.68	-	116.17	8.70	15.30	-	24.00	92.17

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Magma Housing Finance Limited

(₹ in lacs)

	As at 31 March 2018	As at 31 March 2017
Note: 13		
NON-CURRENT INVESTMENTS (Non-trade)		
Others		
In security receipts*	1,047.02	1,225.46
	1,047.02	1,225.46

* valued at lower of net book value or redeemable value.

	As at 31 March 2018	As at 31 March 2017
Note: 14		
LONG-TERM LOANS AND ADVANCES		
Housing and property loans		
Secured*		
considered good**		
Housing loans	71,098.80	75,043.85
Other loans against properties	64,313.16	63,518.11
considered doubtful		
Housing loans	518.57	175.05
Other loans against properties	968.57	185.05
	136,899.10	138,922.06
Others		
Unsecured, considered good		
Capital advances	1.61	0.17
Advance tax and tax deducted at source (net)	118.30	233.63
Loan and advances to related parties (Note 30)	-	3,500.00
Security deposits	22.33	15.41
Loans to staff	1.13	3.85
	143.37	3,753.06
	137,042.47	142,675.12

* Secured by underlying assets financed

** Housing and property loans includes sub-standard assets of ₹ 6,065.08 lacs (2017: ₹ 6,529.43 lacs) and is net of amounts assigned aggregating to ₹ 34,272.49 lacs as at 31 March 2018 (2017: ₹ 27,441.33 lacs).

	As at 31 March 2018	As at 31 March 2017
Note: 15		
OTHER NON-CURRENT ASSETS		
Others		
Unamortised borrowing costs	86.46	122.36
Unamortised loan origination costs	633.95	658.35
Gratuity (excess of plan assets over obligation)	18.13	9.46
	738.54	790.17

(₹ in lacs)

	As at 31 March 2018	As at 31 March 2017
Note: 16		
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents		
Cash in hand	0.40	0.40
Balances with banks		
In current accounts	889.38	768.47
	889.78	**768.87**

	As at 31 March 2018	As at 31 March 2017
Note: 17		
SHORT-TERM LOANS AND ADVANCES		
Housing and property loans		
Secured, considered good*		
Housing loans	4,206.00	9,813.46
Other loans against properties	3,543.55	3,305.65
	7,749.55	13,119.11
Others		
Other loans and advances		
Loans to staff	16.45	29.85
Advances recoverable in cash or in kind or for value to be received	275.62	109.21
Balance with Statutory / Government authorities	227.16	158.49
Prepaid expenses	45.59	46.37
	564.82	343.90
	8,314.37	13,463.01

* Secured by underlying assets financed

	As at 31 March 2018	As at 31 March 2017
Note: 18		
OTHER CURRENT ASSETS		
Others		
Accrued interest / financial charges	1,455.87	1,567.28
Unamortised borrowing costs	137.03	126.19
Unamortised loan origination costs	97.99	103.21
Others	0.75	11.41
	1,691.64	**1,808.09**

(₹ in lacs)

	Year ended 31 March 2018	Year ended 31 March 2017
Note: 19		
REVENUE FROM OPERATIONS		
Interest income		
On housing and property loans*	20,303.25	23,445.29
On loans, margins and etc	398.96	358.94
	20,702.21	23,804.23
Other financial income		
Management fees	734.72	645.32
Collection and support services	47.30	30.35
Foreclosure charges	430.97	357.53
Others	27.20	23.68
	1,240.19	1,056.88
	21,942.40	24,861.11

	Year ended 31 March 2018	Year ended 31 March 2017
Note: 20		
OTHER INCOME		
Bad debts recovered	97.83	78.20
Miscellaneous income	125.01	164.87
	222.84	243.07

	Year ended 31 March 2018	Year ended 31 March 2017
Note: 21		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,162.10	2,591.89
Contribution to provident and other funds	138.27	114.21
Staff welfare expenses	75.21	35.88
	3,375.58	2,741.98

	Year ended 31 March 2018	Year ended 31 March 2017
Note: 22		
FINANCE COSTS		
Interest expense		
On debentures	1,162.71	1,213.71
On term loans	6,802.00	8,339.42
On cash credit and working capital facilities	1,908.39	3,479.83
On others	0.06	0.15
Discount on commercial papers	690.51	965.28
Other borrowing costs	326.82	277.25
	10,890.49	14,275.64

(₹ in lacs)

	Year ended 31 March 2018	Year ended 31 March 2017
Note: 23		
DEPRECIATION AND AMORTISATION EXPENSE		
Tangible assets	4.24	4.28
Intangible assets	19.61	15.30
	23.85	19.58

	Year ended 31 March 2018	Year ended 31 March 2017
Note: 24		
PROVISIONS AND BAD DEBTS WRITTEN-OFF		
Bad debts written-off	459.72	686.91
Gain on sale of non-performing asset	-	180.00
[Net of reversal of provision of ₹ Nil (2017: ₹ 722.75 lacs)]		
Provision for non-performing assets	1,749.52	398.44
Contingent Provision against Standard Assets	(90.00)	(130.00)
	2,119.24	775.35

	Year ended 31 March 2018	Year ended 31 March 2017
Note: 25		
OTHER EXPENSES*		
Rent	202.53	148.55
Brokerage and commission	279.66	337.61
Rates and taxes	2.08	1.70
Travelling and conveyance	250.69	322.18
Office maintenance	82.29	62.00
Repairs and maintenance		
- machinery	98.90	117.13
- others	0.29	0.19
Payment to directors		
- Sitting fees	5.30	3.45
Professional fees	442.66	325.15
Legal charges	77.08	57.15
Outsourced manpower costs	393.74	310.50
Printing and stationery	51.28	42.48
Communication	58.52	69.06
Electricity charges	55.11	43.75
Advertisement and publicity expenses	44.40	34.20
Corporate social responsibility expenditure (Note 38)	6.51	9.66
Loss on sale of fixed assets	-	6.30
Miscellaneous expenses	145.02	202.69
	2,196.06	2,093.75

*includes expenses allocated from related parties (Note 30)

Note: (₹ in lakh)

30 Employee benefits

Gratuity benefit plan

The scheme is funded with LIC. The following tables set out the status of the gratuity plan as required under AS 15 (revised) Employee benefits

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

	Year ended 31 March 2018	Year ended 31 March 2017
Opening defined benefit obligation	85.53	76.66
Current service cost	23.11	24.12
Interest cost	5.07	5.94
Actuarial losses /(gains)	(5.89)	(18.72)
Benefits paid	(32.10)	(2.47)
Closing defined benefit obligation	**75.72**	**85.53**

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

	Year ended 31 March 2018	Year ended 31 March 2017
Opening fair value of the plan assets	94.99	39.83
Actual return on plan assets	6.58	5.11
Contributions by employer	24.38	52.52
Benefits paid	(32.10)	(2.47)
Closing fair value of the plan assets	**93.85**	**94.99**

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

	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation	75.72	85.53
Fair value of plan assets	93.85	94.99
Net asset / (liability)	**18.13**	**9.46**

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

	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	23.11	24.12
Interest on defined benefit obligation	5.07	5.94
Net actuarial losses / (gains) recognised	(5.89)	(18.72)
Expected return on plan assets	(6.58)	(5.11)
Net expense included in "Employee benefits expense"	**15.71**	**6.23**

(e) Summary of actuarial assumptions

	Year ended 31 March 2018	Year ended 31 March 2017
Discount rate	7.72%	7.29%
Salary escalation rate	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 increase has been considered taking into account the inflation, seniority, promotion and other relevant factors

(i) Amounts for the current year and previous years are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Present value of defined benefit obligation	75.72	85.53	76.66	41.25	16.54
Fair value of plan assets	93.85	94.99	39.83	39.23	36.20
Funded status [surplus/(deficit)]	18.13	9.46	(36.83)	(2.02)	19.66
Experience (gain)/loss adjustment on plan liabilities	(1.14)	(25.37)	5.60	(2.56)	-
Experience gain/(loss) adjustment on plan assets	(0.06)	-	-	(0.27)	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	(4.75)	6.65	0.36	7.06	-

MUMBAI

Note (₹ in lacs)

27 Lease transactions in the capacity of Lessee

Lease rental expense under non-cancellable operating lease during the year ended 31 March 2018 and 31 March 2017 amounted to ₹ 29.56 lacs and ₹ 11.02 lacs respectively. Future minimum lease payments under non cancellable operating lease is as below:

	Year ended 31 March 2018	Year ended 31 March 2017
Not later than one year	34.09	18.64
Later than one year but not later than five years	21.12	24.35
Later than five years	-	-

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year ended 31 March 2018 and 31 March 2017 was ₹ 9.98 lacs and ₹ 10.52 lacs respectively.

28 Segment reporting

The Company is engaged in providing financial services to the customers in India. Considering the nature of risks and rewards of its services and its internal organisation and management structure, the Company has only one reportable business segment i.e. financial services and only one reportable geographical segment i.e. India.

29 Earnings per share (EPS)

Calculation of Earning per share (Basic and diluted) as required by Accounting Standard 20:

	Units	Year ended 31 March 2018	Year ended 31 March 2017
Basic and Diluted			
(a) Weighted average number of Equity Shares (Face value of ₹ 10/- per share) for Basic and Diluted EPS	Nos	148,102,500	148,102,500
(b) Net profit after tax	₹ in Lacs	2,319.99	3,373.94
(c) Earning per share (Face value of ₹ 10/- per share) - Basic and Diluted	₹	1.57	2.28

30 Related party disclosures

Related party disclosures as at and for the year ended 31 March 2018.

(a) Names of the Related parties where control exists	**Nature of Relationship**
i. Magma Fincorp Limited	Holding Company (w.e.f 1 April 2017) Ultimate Holding Company (upto 31 March 2017)
ii. Magma Advisory Services Limited	Holding Company (upto 31 March 2017)
iii. Magma ITL Finance Limited	Fellow Subsidiary Company
iv. Sanjay Chamria	Chairman
v. Sachin Khandelwal	Managing Director (upto 12 June 2017)
vi. Manish Jaiswal	Managing Director (w.e.f 26 June 2017)
vii. Kailash Baheti	Director
viii. Mamta Binani	Non Executive Director
ix. Ajay Bharat Gadade	Non Executive Director

(b) Others - With whom transactions have been taken place during the year

Names of other Related parties	**Nature of Relationship**
i. CLP Business LLP	Firm in which director is a partner
ii. Gauri Shankar Agarwal	Chief Financial Officer
iii. Prati Saraogi	Company Secretary
iv. Anita Agarwal	Relative of Key Managerial Personnel

Note:

(₹ in lacs)

Significant transactions / balances with related parties

Name of related party and Nature of relationship	Nature of transaction	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017
(a) Holding Company					
(i) Magma Fincorp Limited	Cost allocation	997.34	-	787.35	-
	Equity share holding	-	14,810.25	-	-
(ii) Magma Advisory Services Limited	Equity share holding	-	-	-	14,810.25
(b) Fellow Subsidiary Company					
(i) Magma ITL Finance Limited	Long-term loans and advances given	-	-	2,500.00	3,500.00
	Refund of long-term loans and advances given	3,500.00	-	2,000.00	-
	Interest income	396.62	-	357.95	-
(c) Key management personnel					
(i) Sachin Khandelwal	Directors' remuneration	224.68	-	124.25	-
(ii) Manish Jaiswal	Directors' remuneration	95.23	-	-	-
(iii) Gauri Shankar Agarwal	Salary	106.30	-	99.96	-
	Loan given	33.75	35.27	5.00	4.01
	Repayment of loan received	2.49		1.95	-
	Installment Received in advance	0.24	0.24		
	Interest income	0.17	-	0.13	-
(iv) Priti Saraogi	Salary	9.18	-	8.38	-
(d) Relatives of Key management personnel					
(i) Anita Agarwal	Car hire charges paid	1.65	-	6.60	-
(e) Non executive Directors					
(i) Mamta Binani	Sitting Fees	4.80	-	3.20	-
(f) Firm in which director is a partner					
(i) CLP Business LLP	Security deposit given	6.45	6.45	-	-
	Rent expense	13.42	-	-	-

31 Payments to auditors (included in professional fees)

	Year Ended 31 March 2018	Year Ended 31 March 2017
Audit fees	15.00	17.50
Limited review	3.00	4.50
Other services	0.00	1.00
Reimbursement of expenses	1.06	3.74
Total	19.06	26.74

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Note (₹ in lacs)

32 Disclosure regarding classification of provisions made and loans pursuant to the Prudential Norms contained in the Housing Finance Companies (NHB) Directions, 2010 as amended.

	As at 31 March 2018				As at 31 March 2017			
	Standard assets	Sub-standard assets	Doubtful assets	Total assets	Standard assets	Sub-standard assets	Doubtful assets	Total assets
Balances outstanding								
Housing loans								
- Individuals	70,351.51	2,618.72	518.57	73,488.80	75,257.57	2,495.33	175.05	77,927.95
- Corporate	1,475.75	858.82	-	2,334.57	6,176.35	928.07	-	7,104.42
Other loans against property	65,269.17	2,587.54	968.57	68,825.28	63,717.72	3,106.03	185.05	67,008.80
Total	137,096.43	6,065.08	1,487.14	144,648.65	145,151.64	6,529.43	360.10	152,041.17
Provisions								
Opening provision	640.00	1,018.25	120.48	1,778.73	770.00	738.24	724.77	2,233.01
Provision made/ (written back) during the year*	(90.00)	1,065.01	684.52	1,659.53	(130.00)	280.01	(604.29)	(454.28)
Closing provision	**550.00**	**2,083.26**	**805.00**	3,438.26	640.00	1,018.25	120.48	1,778.73

* Provision made/ (written back) during the year includes reversal of ₹ Nil (2017: ₹ 722.75 lacs) for sale of NPA (Note 24)

33 **Additional disclosures for the Housing Finance Companies pursuant to NHB circular no. NHB/ND/DRS/Pol-No. 35/2010-11 dated 11 October 2010;**

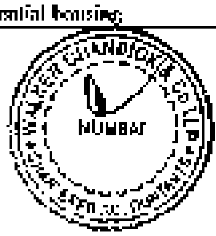
(a) Capital to Risk Assets Ratio (CRAR)

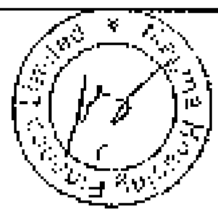
	As at 31 March 2018	As at 31 March 2017
(i) CRAR (%)	28.8	23.2
(ii) CRAR - Tier I Capital (%)	28.3	22.6
(iii) CRAR - Tier II Capital (%)	0.5	0.6
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

(b) Exposure to real estate sector, both direct and indirect

	As at 31 March 2018	As at 31 March 2017
(i) Direct exposure- (net of provisions for non performing assets)		
1 Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
(a) Housing loans up to ₹ 15 lacs	32,437.25	28,475.66
(b) Housing loans greater than ₹ 15 lacs	40,097.99	48,390.52
(c) Others	62,937.37	51,563.03
Total	135,472.61	128,429.21
2 Commercial real estate*		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limits;	1,369.82	9,384.42
3 Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
(a) Residential,	-	-
(b) Commercial real estate	1,047.02	1,225.46
(ii) Indirect Exposure		
1 Fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-
2 Non-fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-

* Commercial Real estate - Residential housing





Notes to the financial statements (continued)

(₹ in lacs)

Note:

34 Disclosure required in terms of the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 of NHB as on 9th February 2017.

(a) Investments

Particulars	As at 31 March 2018	As at 31 March 2017
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,047.02	1,225.46
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	1,047.02	1,225.46
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

(b) Derivatives

The Company does not have any exposure to derivatives as at 31 March 2018 and 31 March 2017 including forward rate agreement / interest rate swap, exchange traded interest rate (IR) derivatives.

(c) Disclosures relating to securitisation

The Company does not have any assets securitised to SPV as at 31 March 2018 and 31 March 2017.

(d) Details of Financial Assets sold to Securitisation / Reconstruction Companies

Particulars	As at 31 March 2018	As at 31 March 2017
(i) No of Accounts	-	291.00
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	2,502.67
(iii) Aggregate consideration	-	2,682.71
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	-	180.04

(e) Details of the net book value of investments in security receipts:

Particulars	As at 31 March 2018	As at 31 March 2017
(i) Backed by NPAs sold by the Company as underlying	-	1,225.46
(ii) Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying	-	-

(f) Details of Assignment transactions undertaken by HFCs

Particulars	As at 31 March 2018	As at 31 March 2017
(i) No of Accounts	1,627	1,302
(ii) Aggregate value (net of provisions) of accounts assigned	18,116.38	20,095.21
(iii) Aggregate Consideration	18,116.38	20,095.21
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

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Notes to the financial statements (continued)

(₹ in lacs)

(g) Details of non-performing financial assets purchased:

The Company did not purchase any non-performing financial assets during the year ended 31 March 2018 and 31 March 2017

(h) Details of Non-performing Financial Assets sold:

The Company did not sell any non-performing financial assets to other than securitisation/reconstruction company during the year ended 31 March 2018 and 31 March 2017

(i) Exposure to capital market

The Company does not have any exposure to capital market as at the financial year ended 31 March 2018 and 31 March 2017.

(j) Details of financing of parent company products

The Company has not financed any products of parent company in the financial year ended 31 March 2018 and 31 March 2017.

(k) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2018 and 31 March 2017

(l) Unsecured advances

The Company has not given any advances against intangible securities such as charge over the rights, licenses, authority, etc. in the financial year ended 31 March 2018 and 31 March 2017

(m) Registration obtained from other financial sector regulators

The Company has not obtained any registration from other financial sector regulators other than NHB.

(n) Disclosure of Penalties imposed by NHB and other regulators

No penalties has been imposed by NHB and other regulators on the Company.

(o) Details of ratings assigned by credit rating agencies and migration of ratings during the year

Facilities	Date of rating assigned*	Rating assigned	Previous Rating assigned
(i) Long term bank facilities	3-Jul-17	CARE AA-	CARE AA-
	19-Jul-17	ICRA AA-	ICRA AA-
(ii) Secured NCD	3-Jul-17	CARE AA-	CARE AA-
	19-Jul-17	ICRA AA-	ICRA AA-
(iii) Commercial papers	20-Feb-18	CRISIL A1+	CRISIL A1+

* Date of Rating assigned relates to rating valid on 31 March 2018

(p) Remuneration of Directors

Name of the non-executive directors	Nature of transaction	Year ended 31 March 2018	Year ended 31 March 2017
(i) Mamta Binani	Director sitting fee	4.80	3.20

(q) Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in profit and loss Account	Year ended 31 March 2018	Year ended 31 March 2017
Under "Employee Benefit Expenses"		
(i) Provision for compensated absences	30.05	33.14
Under "Provisions and bad debts written-off"		
(ii) Provision towards non-performing assets (NPAs)	1,749.52	398.48
(iii) Provision for standard assets	(50.00)	(130.00)
Under "Tax expenses"		
(iv) Provision made towards Income tax(includes deferred tax)	1,240.01	1,523.94

Notes to the financial statements (continued)

(₹ in lakhs)

(r) Provisions and contingencies

Break up of Loan and Advances and Provisions thereon	As at 31 March 2018 Housing	As at 31 March 2018 Non Housing	As at 31 March 2017 Housing	As at 31 March 2017 Non Housing
Standard Assets				
(i) Total outstanding amount	71,823.26	65,269.17	81,433.92	63,737.72
(ii) Provision made	290.00	260.00	390.00	250.00
Sub-Standard Asset				
(i) Total outstanding amount	3,477.54	2,587.54	3,423.40	3,406.03
(ii) Provision made	1,505.01	578.25	553.15	465.10
Doubtful Assets-Category-I				
(i) Total outstanding amount	477.57	891.47	161.65	183.71
(ii) Provision made	254.49	473.59	56.66	25.93
Doubtful Assets-Category-II				
(i) Total outstanding amount	46.00	77.10	13.40	81.34
(ii) Provision made	18.40	58.52	5.36	32.52
Doubtful Assets-Category-III				
(i) Total outstanding amount	-	-	-	-
(ii) Provision made	-	-	-	-
Loss Asset				
(i) Total outstanding amount	-	-	-	-
(ii) Provision made	-	-	-	-
Total				
(i) Total outstanding amount	75,823.37	68,825.28	85,032.37	67,408.80
(ii) Provision made	2,067.90	1,370.36	1,005.17	773.56

(s) **Concentration of Public Deposits, Advances, Exposures and NPAs**

(i) **Concentration of Public Deposits (for Public Deposit taking/holding HFCs)**

The Company has not taken any public deposits during the financial year ended 31 March 2018 and 31 March 2017

(ii) **Concentration of Loans and Advances**

Particulars	As at 31 March 2018	As at 31 March 2017
Total Loans and Advances to twenty largest borrowers	5,493.76	9,651.89
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	3.80%	6.35%

(iii) **Concentration of all Exposures (including off-balance sheet exposure)**

Particulars	As at 31 March 2018	As at 31 March 2017
Total Exposure to twenty largest borrowers / customers	5,493.76	9,651.89
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the HFC on borrowers / customers	3.80%	6.35%

(iv) **Concentration of NPAs**

Particulars	As at 31 March 2018	As at 31 March 2017
Total Exposure to top ten NPA accounts	1,622.60	1,571.13

Notes to the financial statements (continued)

(₹ in lacs)

(v) Sector-wise NPAs

% of NPAs to Total Advances in that sector

Sector	As at 31 March 2018	As at 31 March 2017
(A) Housing Loan		
1 Individuals	4.27%	3.59%
2 Builders/Project Loans	48.04%	2.93%
3 Corporates	0.00%	56.12%
4 Others (specify)	-	-
(B) Non-Housing Loan		
1 Individuals	5.21%	4.88%
2 Builders/Project Loans	-	-
3 Corporates	4.21%	5.34%
4 Others (specify)	-	-

(w) Movement of NPAs

Sl. No.	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
i)	Net NPAs to Net Advances (%)	3.29%	3.81%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	6,889.53	6,954.15
	b) Additions during the year	5,112.66	5,355.66
	c) Reductions during the year	4,449.98	5,420.28
	d) Closing balance	7,552.21	6,889.53
iii)	Movement of Net NPAs		
	a) Opening balance	5,750.80	5,491.14
	b) Additions during the year	3,379.22	4,554.82
	c) Reductions during the year	4,466.06	4,295.16
	d) Closing balance	4,663.96	5,750.80
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	1,138.73	1,463.01
	b) Provisions made during the year	1,733.44	800.84
	c) Write-off / (write-back) of excess provisions	(16.08)	1,125.12
	d) Closing balance	2,888.25	1,138.73

(x) Customer Complaints

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
No. of complaints pending at the beginning of the year	1	3
No. of complaints received during the year	14	9
No. of complaints redressed during the year	15	11
No. of complaints pending at the end of the year	-	1

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Notes to the financial statements (continued)

Note: 35

Asset Liability Management:

Maturity pattern of certain items of assets and liabilities as at 31 March 2018

(₹ in crores)

	Upto 30/31days (1 month)	Over 1 Months upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Year to 7 Year	Over 7 Year to 10 Year	Over 10 Years	Total
Liabilities											
Borrowings from banks *	2.99	5.59	50.70	64.13	121.48	330.02	111.90	71.95	77.89	111.84	948.40
Market borrowings **	40.00	-	49.14	-	-	35.00	30.00	-	-	-	154.14
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	33.27	6.37	6.05	18.69	35.68	151.97	197.73	210.31	335.79	482.02	1,477.86
Investments	-	-	-	-	-	-	10.47	-	-	-	10.47
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

* Includes Cash credit facilities and working capital demand loans from banks which 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 facilities and working capital demand loans from banks aggregating ₹ 337.15 crores has been distributed over the same period as the maturity pattern of housing and property loans financed.

** Includes secured redeemable non-convertible debentures.

Disclosure required in terms of the Notification No. NHB HFC CG-DIR. 1/MD&CEO:2016 of NHB as on 9th February 2017.

Note-

(₹ in Lakh)

36 Additional disclosures for the Housing Finance Companies pursuant to NHB circular no. NHB(ND)/DRS/Pol. Circular.61/2013-14 dated April 7, 2014:

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act ("NHB Act"), 1987	1,144.27	711.37
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	2,095.73	2,248.63
c) Total	3,240.00	2,960.00
Addition/Appropriation/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	103.36	432.90
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987*	366.64	(152.90)
Less: a) Amount appropriated from the Statutory reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special reserve u/s 36(1)(viii) Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory reserve u/s 29C of the NHB Act, 1987	1,247.63	1,144.27
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	2,462.37	2,095.73
c) Total	3,710.00	3,240.00

* Amount is net of reversal of statutory reserve not claimed u/s 36(1)(viii) of Income Tax Act, 1961 in previous year.

37 **Contingent liabilities and commitments (to the extent not provided for)**

(a) Contingent liabilities

	As at 31 March 2018	As at 31 March 2017
Claims against the Company not acknowledged as debt		
(i) Service tax matters under dispute	40.56	40.35

(b) Commitments

	As at 31 March 2018	As at 31 March 2017
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	0.35	0.17
(ii) Undisbursed housing / other loans	1,257.86	1,747.33

(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/NHB regulation for material foreseeable losses on such long term contracts has been made in the books of account.

The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. Refer note 37(a) for further details.

Note: (₹ in lacs)

38 Corporate Social Responsibility

A CSR committee has been formed by the Company as per the Companies Act, 2013. CSR expenses have been incurred throughout 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 ₹ 69.21 lacs.

b) Amount spent during the year on CSR activities is ₹ 6.51 lacs

Sl. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	6.51	-	6.51

39 Disclosures relating to fraud

During the year ended 31 March 2018, 4 cases (2017: 6 cases) of frauds have been detected and reported. The un-recovered amount aggregating to ₹ 132.40 lacs (2017: ₹ 119.01 lacs) have been fully provided for / written off

40 Additional notes

(a) The Company has made no imports of any kind and therefore, C.I.F. value of imports of goods are ₹ Nil (2017: ₹ Nil)

(b) The Company has not earned any income in foreign currency (2017: ₹ Nil)

(c) The Company has not incurred any expenditure (2017: ₹ Nil).

41 Previous year's figures have been regrouped/ rearranged wherever necessary, to conform to current year's presentation.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Manish Jaiswal
Managing Director & Chief Executive Officer

Sanjay Chamria
Chairman

Manish Gujral
Partner

Gouri Shankar Agarwal
Chief Financial Officer

Priti Saraogi
Company Secretary

Mumbai, 30 April 2018

Mumbai, 30 April 2018

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

MAGMA HOUSING FINANCE LIMITED

B) **Annexure II: Rating Letter & Rational**

CARE/KRO/RL/2020-21/1432

Mr. Atul Tibrewal
Authorized Signatory
Magma Housing Finance Ltd.
24, Park Street,
Kolkata – 700 016

August 5, 2020

Confidential

Dear Sir,

Credit rating for Proposed Secured Non- Convertible Debentures

Please refer to our letter dated July 6, 2020 and your request for revalidation of the rating assigned to proposed long-term Non-convertible debenture (NCD) issue of your company, for a limit of Rs.200 crore.

2. The following rating has been reviewed:

Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
Proposed Secured Non- Convertible Debentures (NCDs)	200.00 (Rs. Two Hundred Crore only)	CARE AA-; Negative (Double A Minus; Outlook: Negative)	Reaffirmed

2. The proposed Secured NCDs issue would have a minimum tenure of one year and maximum tenure of five years.

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** from the date of this letter.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

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CIN-L67190MH1993PLC071691

4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are not recommendations to buy, sell, or hold any securities.

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If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Akshay Bhalotia
Deputy Manager
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Asst. General Manager
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Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.
Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings
Professional Risk Opinion

CARE/KRO/RL/2020-21/1456

Mr. Atul Tibrewal
Authorized Signatory
Magma Housing Finance Ltd.
24, Park Street,
Kolkata – 700 016

August 13, 2020

Confidential

Dear Sir,

Credit rating for Proposed Secured Non- Convertible Debentures

Please refer to your request for rating of proposed long-term non-convertible debenture (NCD) issue aggregating to Rs.50 crore of your company.

2. The following ratings has been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
Proposed Secured Non- Convertible Debentures (NCDs)	**50.00 (Rs. Fifty Crore only)**	**CARE AA-; Negative (Double A Minus; Outlook: Negative)**	**Assigned**

2. The proposed Secured NCDs issue would have a minimum tenure of one year and maximum tenure of five years.

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** from the date of our initial communication of rating to you (that is August 13, 2020).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

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CIN-L67190MH1993PLC071691

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the same and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by August 14, 2020, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

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10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
12. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

Akshay Bhalotia

Akshay Bhalotia
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Mamta Muklania
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Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.
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Annexure

Press Release

Magma Housing Finance Limited

Ratings

Instruments	Amount (Rs. crore)	Ratings[1]	Rating Action
Secured Non-Convertible Debentures (NCDs)	**50.00 (Rs Fifty crore only)**	**CARE AA-; Negative (Double A Minus; Outlook: Negative)**	**Assigned**

Details of facilities/instruments in Annexure I

Detailed Rationale & Key Rating Drivers

The rating assigned to Magma Housing Finance Limited (MHFL) continues to draw strength from the operational, managerial and financial support it derives from its parent - Magma Fincorp Ltd (MFL) (rated CARE AA-; Negative/CARE A1+). The rating factors in the experienced management team, wide branch network, geographically and product-wise diversified asset portfolio, comfortable Capital Adequacy Ratio (CAR) and adequate liquidity profile of the group.

The rating, however, is constrained by the moderate consolidated return indicators which witnessed further deterioration in FY20 (refers to the period April 1 to March 31) and moderately diversified resource profile in a challenging resource raising scenario.

The rating takes note of the substantial decline in consolidated profitability of MFL in FY20 on account of increase in finance cost and credit cost during the period. The increase in credit costs was due to deterioration in asset quality upto 9MFY20 (primarily because of stress in Commercial Vehicles (CV) and Construction Equipment (CE) segments) and additional provisions of Rs.117 crore by the company in Q4FY20 for probable impact of Covid-19.

Though the advances of MHFL on a standalone basis increased with affordable housing being a focus area for the group, the consolidated loan Assets under Management (loan AUM) of MFL witnessed de-growth as on March 31, 2020 as a result of lower disbursements of about 27% y-o-y in FY20 on account of efforts to conserve liquidity, deliberately lower disbursements in some of the asset classes and impact of Covid-19 towards the end of the year.

The consolidated loan AUM witnessed marginal de-growth as on June 30, 2020 due to significantly lower disbursements during the quarter due to impact of Covid-19. Considering the nationwide outbreak and uncertainty with respect to achieving normalcy, the disbursements are likely to remain impacted due to both operational challenges along with cautious approach to manage asset quality and liquidity.

The consolidated profitability of MFL witnessed improvement in Q1FY21 over Q4FY20 with lower operational cost and credit costs during the quarter. Profitability indicators continue to remain a key rating monitorable.

The rating takes note of the growth in loan book with relatively stable asset quality and return indicators of MHFL on a standalone basis for FY20 and Q1FY20. The profitability has remained moderate inspite of high credit cost on account of additional provisions for likely impact of Covid-19 outbreak on asset quality.

Outlook: Negative

The outlook is 'Negative' on the expectation of continued pressure on consolidated profitability and asset quality of the group in the near term with probable impact on collections even after moratorium available to customers is over

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as MFL has major presence in segments like CV/CE, SME and used assets in rural and semi-urban locations with modest profile of borrowers. Furthermore, challenges remain elevated on account of slowdown in economic activity as after-effects of the lockdown imposed by the government.

The outlook may be revised to stable if there is sustained improvement in the consolidated profitability and asset quality while maintaining liquidity.

Rating Sensitivities

Positive Factors: *Factors that could lead to positive rating action/upgrade*

- Reduction in consolidated Net stage III assets as a percentage of networth to below 10% on a sustained basis.
- Substantial improvement in profitability on a sustained basis

Negative factors: *Factors that could lead to negative rating action/upgrade*

- Inability to improve profitability to a reasonable level to support operations on a sustained basis
- Inability to grow the loan book.
- Consolidated Gross stage III assets going above 8% of advances.
- Overall CAR going below 18% on a sustained basis.
- Deterioration in liquidity profile.

Detailed description of the key rating drivers

Key Rating Strengths

Promoter support and integrated operations

MHFL is a wholly owned subsidiary of MFL and derives significant amount of support from MFL in terms of financial, managerial and operational synergies and use of common brand name. MHFL uses the existing branch network, technology platform and collection team of MFL for its operations. Currently, Mr. Sanjay Chamria, the Vice-Chairman and Managing Director of MFL is acting as non-executive director on the Board of MHFL. While broad policy matters and strategic decisions are taken by the Board, the day-to-day affairs of the company are managed by Mr. Manish Jaiswal as Managing Director & CEO who has over 25 years of experience in retail finance sector.

MFL has been in asset financing business for more than three decades and the promoters, Mr. Mayank Poddar and Mr. Sanjay Chamria, have over three decades of business experience in the financial sector.

Pan-India presence with wide branch network

The portfolio of MHFL has a diversified presence with northern and western part of India contributing around 34% and 33% of the total portfolio respectively followed by southern region with 26% concentration and balance in eastern region (7%) as on March 31, 2020.

MFL has a pan-India presence through a network of 327 branches (as on March 31, 2020) spread across 21 States/Union Territories. The group primarily caters to clients in rural and semi-rural markets and approximately 70% of the branches are located in these areas. The consolidated loan book of the company was diversified geographically with north contributing about 37%, east about 20%, south about 25% and west contributing about 18% as on March 31, 2020.

Well-diversified product portfolio with increasing share of focused products

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MFL, on a consolidated basis, has a well-diversified asset portfolio with presence in Asset Backed Finance (ABF) Commercial Finance (comprising utility vehicles/cars, construction equipment (CE), commercial vehicles (CV) & used assets), ABF Agricultural Finance (comprising tractors), SME loans, affordable housing, and loan against property (LAP). The loan Assets under Management (loan AUM) as on March 31, 2020 comprised of 17% of utility vehicles/cars, 15% of CE/CV, 25% of used assets, 8% of tractors, 12% of SME loans and balance 25% of mortgage finance.
Currently, the focus segments of the company are used assets, SME loans and affordable housing. Accordingly, in terms of loan AUM mix all the segments witnessed de-growth in FY20 except for used assets and mortgage. The share of focus segments increased from 51% of loan AUM as on March 31, 2019 to 60% of loan AUM as on March 31, 2020. Whereas, the share of Cars/CV/CE and tractors in AUM mix decreased from 49% as on March 31, 2019 to 40% as on March 31, 2020 due to deliberately lower disbursements on account of higher delinquencies in such asset classes.
The share of high yield assets (i.e., used assets, Tractors and SME loan) in loan AUM remained at 45% as on March 31, 2020.
The loan Assets under Management (loan AUM) as on June 30, 2020 comprised of 37% of utility vehicles/cars/CE/CV, 20% of used assets, 10% of tractors, 13% of SME loans and balance 20% of mortgage finance.

Comfortable CAR

The tier I CAR of MHFL further improved from 26.82% as on March 31, 2019 to 30.56% as on March 31, 2020 despite of increase in risk weighted assets with growth in loan book. The improvement was primarily due to equity infusion of Rs.100 crore from MFL in FY20 and accruals of profit during the year. However, the overall CAR remained stable at 35.99% as on March 31, 2020 as compared to 34.98% as on March 31, 2019 due to decrease in Tier II CAR. Overall CAR remained comfortable at 36.40% as on June 30, 2020.
Higher CAR would aid the company to undertake additional business and also act as a cushion against delinquencies and other credit risk associated with the business.
The overall gearing improved marginally and stood at 4.20x as on March 31, 2020 as compared to 4.60x as on March 31, 2019. The overall gearing remained relatively stable at 4.49x as on June 30, 2020.

Key Rating Weaknesses

Decrease in consolidated disbursements

The consolidated disbursements of MFL witnessed de-growth of 27% from Rs.8,757 crore in FY19 to Rs.6,428 crore in FY20. The disbursements were lower during the year due to significantly lower disbursements in Q2FY20 owing to deliberate effort by the company to create adequate liquidity as resource mobilisation for the sector was subdued during that period. Whereas, the disbursements in Q4FY20 were lower owing to impact of Covid-19 at end of March’20.
The disbursements was mainly in focused products with higher yield viz. used assets, SME and affordable housing. The focus products accounted for 75% of the total disbursements in FY20 vis-à-vis 57% of the total disbursements in FY19. Whereas, the disbursements in cars, CV/CE, and tractors were strategically reduced due to these segments witnessing higher delinquencies.
With de-growth in disbursements, MFL’s consolidated Loan AUM witnessed decrease from Rs.17,029 crore as on March 31, 2019 to Rs.16,134 crore as on March 31, 2020.
The disbursements in Q1FY21 were significantly lower due to impact of Covid-19 and nation-wide lockdown during

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substantial period of time. The consolidated disbursements during the quarter were Rs.216 crore and the loan AUM decreased marginally to Rs.15,922 crore as on June 30, 2020.

MHFL is a relatively smaller player in the housing finance industry. However, the portfolio size has been gradually increasing. The disbursements of MHFL increased from Rs.1,085 crore in FY19 to Rs.1,315 crore in FY20. The loan AUM of MHFL increased and stood at Rs.3,283 crore as on March 31, 2020 as compared to Rs.2,429 crore as on March 31, 2019.

The disbursements of MHFL in Q1FY21 was Rs.133 crore and the loan AUM stood at Rs.3,400 crore as on June 30, 2020.

Significant decline in consolidated profitability during FY20, albeit improvement in Q1FY21

MFL's consolidated total income remained relatively stable at Rs.2,562 crore in FY20 vis-a-vis Rs.2,514 crore in FY19 with relatively stable interest income, higher income from securitization and lower other operating income. Despite decrease in loan book, the interest income was stable due to improvement in average yield from 14.81% in FY19 to 15.54% in FY20 with focus on higher yield products. However, the interest cost of the company increased significantly in FY20, due to significant increase in the average cost of borrowings from 8.77% in FY19 to 10.20% in FY20. The increase in cost of funds during the year was due to subdued resource mobilisation scenario for the sector in H1FY20 along with company's objective to improve ALM profile by retiring low cost short term funds and raising long term borrowings. Thus, the Net Interest Income (NII) of the company decreased from Rs.1,122 crore in FY19 to Rs.1,028 crore in FY20. The interest spread declined from 6.04% in FY19 to 5.34% in FY20 and NIM declined marginally from 6.77% in FY19 to 6.21% in FY20.

With stable operating income and increase in finance cost, the pre-provisioning operating profit (PPOP) of the company decreased significantly from Rs.708 crore as on March 31, 2019 to Rs.572 crore as on March 31, 2020. Further, the provisions/write-offs for the year increased significantly from Rs.265 crore in FY19 to Rs.490 crore in FY20 due to delinquencies in the CV segment and additional provision of Rs.117 crore in Q4FY20 due to probable impact of Covid-19. Resultantly, PBT was significantly lower at Rs.82 crore in FY20 vis-a-vis Rs.442 crore in FY19. Furthermore, with deferred tax impact of Rs.40 crore in FY20 (due to re-measurement), the PAT was also significantly lower at Rs.27 crore in FY20 vis-à-vis Rs.304 crore in FY19.

Consequently, the return indicators i.e. ROTA and RONW deteriorated from 1.83% and 13.13% respectively in FY19 to 0.16% and 1.00% respectively in FY20. The ability of the company to improve the profitability to a reasonable level by controlling finance costs, credit costs and operational costs is a key rating sensitivity.

The consolidated profitability improved in Q1FY21 and the company reported net profit of about Rs.38 crore on total income of Rs.573 crore as against net loss of Rs.36 crore on total income of Rs.613 crore in Q4FY20. The same was on account of lower operating costs and total credit costs despite additional provision of Rs.32 crore towards probable impact of Covid-19 in Q1FY21.

MHFL on a standalone basis reported PAT of Rs.43 crore on total income of Rs.356 crore in FY20 vis-à-vis PAT of Rs.34 crore on total income of Rs.246 crore in FY19. The increase in profitability, despite increase in credit costs, was mainly on account of increase in interest income with growth in loan book along with increase in other income. NIM deteriorated from 6.25% in FY19 to 5.51% in FY20 due to increase in cost of funds during the year. The profitability of MHFL on a standalone basis was impacted during Q4FY20 primarily on account of increase in credit costs with

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additional provisions of Rs.7 crore for expected impact of Covid-19. ROTA, however, remained largely stable at 1.87% in FY20 as against 1.93% in FY19.

MHFL's profitability also improved in Q1FY21 and company reported net profit of Rs.7 crore on total income of Rs.912 crore vis-à-vis net profit of Rs.3 crore on total income of Rs.91 crore in Q4FY20.

Moderation in consolidated asset quality during FY20

The asset quality of MFL witnessed moderation FY20 with increase in Gross stage III & Net Stage III assets from Rs.747 crore and Rs.472 crore respectively as on March 31, 2019 to Rs.914 crore and Rs.580 crore respectively as on March 31, 2020. The Gross Stage III Assets and Net Stage III Assets as a percentage of advances witnessed deterioration from 4.79% and 3.08% respectively as on March 31, 2019 to 6.44% and 4.19% respectively as on March 31, 2020. Net NPA to networth increased from 17.47% as on March 31, 2019 to 21.39% as on March 31, 2020. However, the asset quality was relatively stable q-o-q (Gross Stage III Assets and Net Stage III Assets as a percentage of advances at 6.68% and 4.48% respectively as on December 31, 2019).

The stage III provision coverage was stable at 36.54% as on March 31, 2020 as compared to 36.81% as on March 31, 2019.

The moderation in asset quality during FY20 was primarily due to deterioration in CV/CE, tractors, and used assets segments. Around 45% of the consolidated loan AUM of MFL was under moratorium as on June 30, 2020 (vis-à-vis 73% as on May 31, 2020). Though the company expects the same to decrease substantially, the asset quality is expected to remain under pressure in the near term due to the continued impact of Covid-19 considering the borrower profile of asset classes MFL has presence in.

The asset quality improved marginally q-o-q and Gross Stage III Assets and Net Stage III Assets as a percentage of advances improved to 5.75% and 3.75% respectively as on June 30, 2020. Net stage III assets as a percentage of Networth also reduced to 18.49% as on June 30, 2020.

On a standalone basis for MHFL, the asset quality witnessed marginal improvement during FY20 with relatively stable gross stage III assets and net stage III assets along with increase in loan book. The gross stage III assets as a percentage of Advances and net stage III assets as a percentage of Advances stood at 1.61% and 0.97% respectively as on March 31, 2020 as compared to 1.78% and 1.18% respectively as on March 31, 2019. Net stage III as a percentage of Networth stood at 4.85% as on March 31, 2020 as compared to 6.51% as on March 31, 2019.

The asset quality remained stable q-o-q and Gross Stage III Assets and Net Stage III Assets as a percentage of advances stood at 1.58% and 0.95% respectively as on June 30, 2020. Net stage III assets as a percentage of Networth stood at 4.94% as on June 30, 2020.

The company plans to manage asset quality and credit costs by focusing on collections and incentivizing customers through interest subvention under Pradhan Mantri Awas Yojana (PMAY) schemes for the eligible portfolio.

Moderate resource profile

The company has a moderately diversified resource profile in terms mix of bank and capital markets borrowings.

Around 74% of MHFL's total borrowings as on March 31, 2020 (vis-à-vis 68% as on March 31, 2019) were in the form of cash credit/term loans from banks. In terms of borrowings from debt capital markets, 8% (vis-à-vis 14% as on March 31, 2019) were in the form of NCDs and subordinated debt. Whereas, commercial papers (6% as on March 31, 2019), was nil as on March 31, 2020. Securitisation through Pass Through Certificates formed the balance 18% (vis-à-vis 11% as on March 31, 2019) of the borrowings as on March 31, 2020.

MFL invested Rs.100 crore as equity in MHFL in March, 2020 to further augment the lending business of MHFL. Further diversification of resource profile and reduced dependence on bank borrowings is a key rating sensitivity.

Liquidity: Adequate

The standalone Asset Liability Maturity statement as on June 30, 2020 submitted by MHFL reflects positive cumulative mismatches in all time buckets after including undrawn sanctioned lines of about Rs.257 crore in inflows. However, if the undrawn lines are not considered, there would be a cumulative mismatch of about Rs.53 crore in the upto one year bucket. The cumulative deficit is primarily due to considering entire repayment of cash credit in upto one year brackets. However, considering that working capital facilities from banks are renewed on a year to year basis and therefore are revolving in nature; the liquidity profile is adequate.

The company has not availed for the moratorium from banks as per the RBI circular after spread of Covid-19. However, the moratorium-I till May 31, 2020 had been offered to all the customers and moratorium-II has been offered to selective customers. The collections have remained impacted due to impact of covid-19. About 49% of the customers of MHFL had availed moratorium in the first phase. The portfolio under moratorium reduced to 19% as on July 31, 2020.

MHFL had free cash and liquid investments of Rs.168 crore and un-drawn cash credit limits of Rs.306 crore as on July 31, 2020 as against repayment obligations of about Rs.212 crore from the period beginning May 2020 to end of September 2020. The company also has presence in securitization markets which provides liquidity.

MFL (on consolidated basis) had free cash of about Rs.127 crore (fixed deposits/current account balances/cash in hand) and unutilized lines of credit of about Rs.1,764 crore as on July 31, 2020.

Analytical approach: Standalone along with factoring in the significant operational, managerial and financial linkages with parent (MFL)

Applicable Criteria

CARE's Policy on Default Recognition
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
Rating Methodology – Housing Finance Companies
Financial ratios –Financial Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings

About the Company

MHFL, (erstwhile Magma Housing Finance, an unlimited liability company) was initially promoted as GE Money Housing Finance (GEMHF) by GE Capital Corporation which is a 100% subsidiary of General Electric Company, USA. Subsequently, on February 11, 2013, the company was acquired by MFL, through its wholly owned subsidiary Magma Advisory Services Ltd (MASL). MASL merged with MFL (appointed date of Apr.01, 2017), post which, MHFL has become a direct subsidiary of MFL. MHFL is engaged in providing housing loans, home equity loans (Loan against Property) to individuals and also provides construction finance. The company is registered with National Housing Bank (NHB) as a non-deposit taking Housing Finance Company. The company commenced disbursements under MFL from June 2013. MHFL is head quartered in Kolkata with its operations from 103 branches of the existing network of MFL as on March 31, 2019 spread across 19 states/Union Territories in India.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total income	245.51	356.36

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
PAT	34.02	42.65
Interest coverage (times) (after provision)	1.42	1.31
Total Assets	1,985.78	2,553.67
Net NPA (%)	1.18	0.97
ROTA (%)	1.93	1.88

A: Audited

Status of non-cooperation with previous CRA: Not Applicable.

Any other information: Not Applicable.

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments

Name of the Instrument	Date of Issuance	Coupon Rate	ISIN	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Proposed Debentures-Non Convertible Debentures	-	-		-	50.00	CARE AA-; Negative

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	-
2.	Short Term Instruments-STD	ST	-	-	-	-	-	-
3.	Fund-based - LT-Term Loan	LT	365.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20) 2)CARE AA-; Negative (10-Jun-20) 3)CARE AA-; Negative (28-Apr-20)	1)CARE AA-; Stable (05-Jul-19)	1)CARE AA-; Stable (06-Jul-18)	1)CARE AA-; Negative (14-Jul-17)
4.	Fund-based - LT-Cash Credit	LT	410.00	CARE AA-; Negative	1)CARE AA-; Negative	1)CARE AA-; Stable	1)CARE AA-; Stable	1)CARE AA-; Negative

CARE Ratings Ltd.

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					(06-Jul-20) 2)CARE AA-; Negative (10-Jun-20) 3)CARE AA-; Negative (28-Apr-20)	(05-Jul-19)	(06-Jul-18)	(14-Jul-17)
5.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (06-Jul-18)	1)CARE AA-; Negative (14-Jul-17)
6.	Debentures-Non Convertible Debentures	LT	20.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20) 2)CARE AA-; Negative (10-Jun-20) 3)CARE AA-; Negative (28-Apr-20)	1)CARE AA-; Stable (05-Jul-19)	1)CARE AA-; Stable (06-Jul-18)	1)CARE AA-; Negative (14-Jul-17)
7.	Debentures-Non Convertible Debentures	LT	15.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20) 2)CARE AA-; Negative (10-Jun-20) 3)CARE AA-; Negative (28-Apr-20)	1)CARE AA-; Stable (05-Jul-19)	1)CARE AA-; Stable (06-Jul-18)	1)CARE AA-; Negative (14-Jul-17)
8.	Debentures-Non Convertible Debentures	LT	35.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20) 2)CARE AA-; Negative (10-Jun-20) 3)CARE AA-; Negative (28-Apr-20)	1)CARE AA-; Stable (05-Jul-19)	1)CARE AA-; Stable (06-Jul-18)	1)CARE AA-; Negative (14-Jul-17)
9.	Debentures-Non Convertible Debentures	LT	10.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20) 2)CARE AA-;	1)CARE AA-; Stable (05-Jul-19)	-	-

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					Negative (10-Jun-20) 3)CARE AA-; Negative (28-Apr-20)			
10.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (28-Apr-20)	1)CARE AA-; Stable (05-Jul-19)	-	-
11.	Debentures-Non Convertible Debentures	LT	25.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20) 2)CARE AA-; Negative (22-Jun-20)	-	-	-
12.	Debentures-Non Convertible Debentures	LT	50.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20)	-	-	-
13.	Debentures-Non Convertible Debentures	LT	75.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20)	-	-	-
14.	Debentures-Non Convertible Debentures	LT	200.00	CARE AA-; Negative	1)CARE AA-; Negative (06-Jul-20)	-	-	-
15.	Debentures-Non Convertible Debentures	LT	50.00	CARE AA-; Negative	-	-	-	-

Annexure 3: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Simple

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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Contact no. : 033-40181607
Email ID: lalit.sikaria@careratings.com

About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

C) Annexure III: Trustee Consent

17122/ITSL/OPR/CL/20-21/DEB/389/1
Date: July 28, 2020

To,
Magma Housing Finance Limited
Magma Housing Finance Ltd,
Development House, 24,
Park Street, Kolkata – 700016

Kind Attn: Mr. Atul Tibrewal

Dear Sir,

Subject: Consent to act as Debenture Trustee for Secured, Listed, Rated Redeemable Non-Convertible Debentures (NCDs) aggregating up to Rs. 50 crores issued by Magma Housing Finance Limited

This has reference to our discussion regarding the appointment of IDBI Trusteeship Services Ltd. (ITSL) as Debenture Trustee for the Company's proposed NCD issue aggregating upto INR 50 Crores on private placement basis. In this connection, we confirm our acceptance to act as Debenture Trustee.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

Magma Housing Finance Limited shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Yours faithfully,
For **IDBI Trusteeship Services Limited,**

Authorized Signatory.

17570/ITSL/OPR/CL/20-21/DEB/389/2
Date: August 12, 2020

To,
Magma Housing Finance Limited
Magma Housing Finance Ltd,
Development House, 24,
Park Street, Kolkata – 700016

Kind Attn: Mr. Atul Tibrewal

Dear Sir,

Subject: Consent to act as Debenture Trustee for Secured, Listed, Rated Redeemable Non-Convertible Debentures (NCDs) aggregating up to Rs. 90 crores issued by Magma Housing Finance Limited

This has reference to our discussion regarding the appointment of IDBI Trusteeship Services Ltd. (ITSL) as Debenture Trustee for the Company's proposed NCD issue aggregating upto INR 90 Crores on private placement basis. In this connection, we confirm our acceptance to act as Debenture Trustee.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

Magma Housing Finance Limited shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Yours faithfully,
For **IDBI Trusteeship Services Limited,**

Authorized Signatory.

D) Annexure IV: Resolutions

MAGMA HOUSING FINANCE

CERTIFIED TRUE COPY OF THE EXTRACTS OF THE MINUTES OF THE MANAGEMENT COMMITTEE MEETING OF THE BOARD OF DIRECTORS OF MAGMA HOUSING FINANCE LIMITED HELD ON THURSDAY, 13 AUGUST 2020

Approval of draft Information Memorandum for issuance of 1400 nos. Secured Redeemable Non-Convertible Debenture for an amount of upto Rs. 140 Crores only

"RESOLVED THAT pursuant to the resolution passed by the Board of Directors of the Company at their meeting held on 22 January 2020 and as revalidated on 09 June 2020, and special resolution passed by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 17 March 2020 authorizing the Management Committee to deal with the matters relating to the allotment of one or more of Debt Securities on a private placement basis, in such classes and with such rights or terms as may be considered necessary, draft of the Information Memorandum (IM) as placed before the Management Committee for the issuance of 1400 Secured Redeemable Non-Convertible Debenture having a face value of INR 10,00,000 (Rupees Ten Lacs only) each and aggregating upto INR 140 Crores (Rupees One Hundred Forty Crores only) ("**Debentures**") to the potential investors as may be identified by the Company be and is hereby approved for submission of the same with the stock exchange and obtaining in-principle approval.

RESOLVED FURTHER THAT pursuant to section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014, SEBI (Issue & Listing of Debt Securities) Regulations, 2008 (as amended from time to time) ("**Listing Regulations**") and SEBI circular dated 5 January 2018 for electronic book mechanism for issuance of the Debentures as amended from time to time and issues pertaining to primary issuance of debt securities issued vide circular no. CIR/IMD/DF/18/2013 dated October 29 2013 including any amendments related thereto, and other provisions of applicable law and the resolution of the Board of Directors of the Company at their meeting held on 22 January, 2020 and as revalidated on 09 June 2020, and special resolution passed by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 17 March 2020 authorizing the Management Committee to deal with the matters relating to, the allotment of one or more of the secured debentures, unsecured debentures, bonds, subordinated debt securities, covered bonds, or other debt securities, whether constituting a charge (including in the nature of pledge) on any specific or general assets of the company or not or other security interest (including in the nature of pledge) on a private placement basis, in such classes and with such rights or terms as may be considered necessary, (herein inclusively referred to as "**Debt Securities**") such that the aggregate value of such Debt Securities during financial year 2020-21 shall not exceed INR 600 Crores (Indian Rupees Six Hundred crores only), the IM for an amount of Rs. 140 Crores (Rupees One Hundred Forty Crores) along with other documents as required, and as placed before the Management Committee for the issuance of 1400 secured redeemable non-convertible debentures having a face value of Rs. 10,00,000 (Rupees Ten lacs only) each and aggregating upto INR 140 Crores (Rupees One Hundred Forty Crores only) ("**Debentures**") to the potential investors listed below be and are hereby approved for submission of the same with stock exchange and/or Registrar of Companies, West Bengal as may be required, and obtaining in-principal approval for the issue and listing of Debentures to the investors as may be identified by the Company.

MAGMA HOUSING FINANCE

RESOLVED FURTHER THAT IDBI Trusteeship Limited be appointed as the Debenture Trustees with respect to Debenture issue of Rs. 140 Crore (Rupees One Hundred Forty Crores only) and that Mr. Manish Jaiswal, Managing Director & Chief Executive Officer, Mr. Ajay Arun Tendulkar, Chief Financial Officer, Ms. Priti Saraogi, Company Secretary, Mr. Jaideep Sharma, Compliance Officer and Mr. Atul Tibrewal, Authorised Signatory of the Company ("**Authorized Signatories**"), be and are hereby severally authorized to sign and execute the debenture trustee agreement, the debenture trust deed and such other documents as may be required and the said Debenture Trust Deed to be registered with the Registrar of Assurance to secure the Debenture.

RESOLVED FURTHER THAT M/s Niche Technologies Private Limited be authorized to act as registrar and transfer agents with respect to the issuance of the Debentures in accordance with agreement entered into by the Company with the said registrar and transfer agents and any of the Authorized Signatories as defined hereinbefore, be and are hereby severally authorized to sign and execute such documents, papers and deeds as may be required for the said purposes.

RESOLVED FURTHER THAT Authorized Signatories as defined hereinabove, be and are hereby severally authorized to sign, execute and deliver and upload the Offer Documents related to the issuance of Debentures, as may be required on the Electronic Bidding Platform and to file the required documents with the Registrar of Companies, Securities Exchange Board of India and such other Authority(ies) if so required and to do all such other acts, deeds and things as may be required from time to time.

RESOLVED FURTHER THAT the Authorised Signatories as defined hereinabove be and are hereby severally authorized for uploading/sending the Offer Documents along with preprinted application form serially numbered and addressed along with all other documents as required in this regard to the following potential investor either in writing or in electronic mode for the issuance of the Debentures on a Private Placement Basis through an Electronic Book Mechanism:

Sl. No.	Name, address	Face Value of each Debenture (Rs.)Offered	No. of Debenture Offered
1.	State Bank of India Global Market, Corporate Centre, State Bank of India, Mumbai-	Rs. 10,00,000/-	1400
	TOTAL		**1400**

RESOLVED FURTHER THAT the Bank Account, bearing number **33904430909**, opened with **State Bank of India,** Commercial Branch, 24 Park Street, Kolkata – 700 016 is hereby identified and the said account be and is hereby earmarked for the purpose of receipt of application money through Clearing Corporation of BSE i.e. the Indian Clearing Corporation Limited (ICCL), adjustment thereof against allotment of the Debentures or for the repayment of monies if the Company is unable to allot the Debentures. Monies received or to be received in this regard be held in the said account until the Debentures are allotted to the identified investor in terms of Section 42 of the Companies Act, 2013 read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014, and upon such allotment, any of the

Authorized Signatories be and are hereby severally authorized to enable transfer of the funds held in said account to such other account of the Company as Authorised Signatories may deem fit.

RESOLVED FURTHER THAT any of the Authorised Signatories be and are hereby severally authorized to sign and execute all the documents related to creation of ISIN with the National Securities Depositories Limited including execution of Master Creation Form and to do all such acts as may be required in this regard.

RESOLVED FURTHER THAT the Company do hereby take all necessary steps including but not limited to moving of application for listing of the Debentures on Wholesale Debt Market of any of the stock exchanges as it may deem fit, such that the said Debentures are actually listed within a period of 15 (fifteen) days of allotment of such Debentures, and any of the Authorized Signatories be and are hereby severally authorized to do all such deeds, things, file all such documents, make such applications, do such revisions, make such modifications or do such alterations as may be necessary for listing of the said Debentures.

RESOLVED FURTHER THAT the certified true copy of the foregoing resolution be issued under the signature of any of the Directors or the Company Secretary of the Company."

For Magma Housing Finance Limited

Priti Saraogi

Priti Saraogi
Company Secretary

E) Annexure V: Application Form

For Office Use Only
Date of Receipt of Application: / / 20
Date of Clearance of Cheque: / / 20

MAGMA HOUSING FINANCE LIMITED

Registered Office: Development House, 24, Park Street, Kolkata-7000
Tel: (033) 40274960; Website: www.magma.co.in

APPLICATION FORM FOR SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES
Application Number: MHF/20-21/………date August 13, 2020

To
Magma Housing Finance Limited
Development House
24, Park Street, Kolkata-700016

Dear Sirs,

Sub: Issue of Secured Redeemable Non-Convertible Debentures

We hereby offer to invest in the above NCDs on private placement basis as per the terms of the Issue of Debentures described in the **Disclosure Document dated** August 13, 2020 & **Trustee Consent letter dated July 27, 2020 and August 13, 2020.** We hereby represent and confirm that we have understood the terms and conditions of the Debentures and we are authorized and eligible to invest in the same. We accordingly apply for the applicable number of Debentures as given below:

APPLICANT'S DETAILS

SOLE/FIRST APPLICANT"S NAME IN FULL	SIGNATORY/AUTHORISED SIGNATORY
SECOND APPLICANT"S NAME	
THIRD APPLICANT"S NAME	
ADDRESS (Do not repeat name) (Post Box No. alone is not sufficient)	
TEL	FAX
PIN CODE	

SOLE/ FIRST APPLICANT CATEGORY (Tick one)

- ☐ Scheduled Commercial Bank
- ☐ Financial Institution
- ☐ Provident Funds, Gratuity, Superannuation & Pension Funds, subject to their Investment Guidelines.
- ☐ Primary/ State/ District/ Central Co-operative Bank
- ☐ Trusts
- ☐ Regional Rural Bank
- ☐ Mutual Fund
- ☐ Individual
- ☐ Company/ Body Corporate
- ☐ Insurance Company
- ☐ Others (please specify) –

INVESTMENT DETAILS

Face Value/ Issue Price	Rs. 10,00,000/- (Rupees Ten Lacs Only) per Debenture
Minimum Application	10 Debentures and in multiples of 1 Debenture thereafter
Tenure	
Credit Rating	"CARE AA-" by CARE Rating Ltd
Redemption	
Coupon Rate	
Interest Payment	
No. of Debentures Applied For (ii)	
Total Amt. Payable (Rs.) (in fig) (i) x (ii)	
Total Amount Payable (Rs.) (in Word)	

Details Of the Cheque /Draft /RTGS

Cheque/ Demand Draft No./UTR no	
Dated	
Drawn on	
Branch	

TO BE FILLED IN ONLY IF THE APPLICANT IS AN INSTITUTION

Name of the Authorized Signatory(ies)	Designation	Signature
1.	1.	
2.	2.	
3.	3.	
4.	4.	

INCOME TAX DETAILS (Ref. Instructions)

	Sole/ First Applicant	Second Applicant	Third Applicant
P.A,N./ G.I.R. NO.			
I.T. Circle/ Ward/ District No.			

DETAILS FOR ISSUE OF DEBENTURES IN ELECTRONIC/ DEMATERIALISED FORM

Depository Name (please tick)	☐ NSDL
Depository Participant Name	
DP-ID Number	
Client-ID	
Beneficiary Account Number	
Name of the Applicant	

BANK DETAILS OF THE INVESTOR

Bank Name & Branch	
IFSC Code	
Account No	
Nature of Account	

INSTRUCTIONS

1. Application forms must be completed in full in BLOCK LETTERS IN ENGLISH. A blank space must be left between two or more parts of the Name.

A	B	C	D	E		L	I	M	I	T	E	D

2. Signatures must be made in English or in any of the Indian languages. Signature in a language other than English & Thumb Impressions must be attested by an authorized official of the Bank or by a Magistrate/Notary Public under his/her official seal.

Application form duly completed in all respects must be submitted with the respective Collecting Bankers. Cheque(s)/Demand Draft(s) should be drawn in favour of "**MAGMA HOUSING FINANCE LIMITED**" and crossed **"A/C Payee Only"** Cheque(s)/Demand Draft(**s)** may be drawn on any scheduled bank and payable at Kolkata**.** The payment can also be made through RTGS as per the following details:

Beneficiary Name	**MAGMA HOUSING FINANCE LIMITED**
Credit Account No.	33904430909
Bank	State Bank of India
Branch	Commercial Branch, 24 Park Street, Kolkata-700016
Account Type	Current
IFSC Code	SBIN0007502

4. Outstation Cheques, Cash, Money Orders, Postal Orders and Stock Invest shall not be accepted.
5. As a matter of precaution against possible fraudulent encashment of interest warrants due to loss/misplacement, applicants are requested to mention the full particulars of their bank account as specified in the application form. Interest warrants will then be made out in favour of the Bank for credit to the applicants account. In case the full particulars are not given, cheques will be issued in the name of the applicant at his / her risk.
6. Receipt of applicants will be acknowledged by the Company in the "Acknowledgement Slip" appearing below the application form. No separate receipt will be issued.
7. All applicants should mention their Permanent Account No. or their GIR No. allotted under Income Tax Act, 1961 and the Income Tax Circle/Ward/District. In case where neither the PAN nor the GIR No. has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided.
8. In case of applications under the Power of Attorney or by limited companies or other corporate bodies, a certificate copy of the Power of Attorney or a copy of the approval of the relevant authority, as the case may be should be deposited along with the application form.
9. The application would be accepted as per the terms of the Scheme outlined in the Disclosure Document for the private placement.