



MAGMA HOUSING FINANCE
(A PUBLIC COMPANY WITH UNLIMITED LIABILITY)



ANNUAL REPORT
2014-15

CORPORATE INFORMATION

CIN: U65922DL2004ULL125931

BOARD OF DIRECTORS

Mr. Sanjay Chamria
Chairman, Non Executive Director

Mr. Sachin Khandelwal
Managing Director

Mr. Kailash Baheti
Non-Executive Director

Mr. Ashutosh Shukla (w.e.f. 03.09.2014)
Non-Executive Director

Mr. Vasudevan Lakshmi Narasimhan
(upto 27.08.2014)
Non-Executive Director

Ms. Mamta Binani (w.e.f. 28.03.2015)
Non-Executive Independent Director

Mr. Rupen Mukesh Jhaveri
(w.e.f. 06.10.2014 and upto 10.06.2015)
Non-Executive Independent Director

Mr. Heramb Ravindra Hajarnavis
(upto 23.08.2014)
Non-Executive Independent Director

Mr. Ajay Bharat Candade (w.e.f. 10.06.2015)
Non-Executive Independent Director

Mr. Mayank Poddar (w.e.f. 04.05.2015)
Non-Executive Director

CHIEF FINANCIAL OFFICER

M. Gauri Shankar Agarwal (w.e.f. 01.07.2014)
M. Sunil Jain (upto 30.06.2014)

COMPANY SECRETARY

Ms. Priti Saraogi

REGISTERED OFFICE

8, Sant Nagar, East of Kailash, New Delhi – 110 065

CORPORATE OFFICE

Magma House, 24 Park Street, Kolkata - 700 016

BANKERS

- Axis Bank
- Corporation Bank
- State Bank of Hyderabad
- Syndicate Bank
- Bank of Maharashtra
- State Bank of India
- Bank of Baroda
- Andhra Bank
- Vijaya Bank

STATUTORY AUDITORS

B S R & Co. LLP

Chartered Accountants

Firm Registration No.: 10124W/W-100022

1st Floor, Lodha Excelus

Apollo Mills Compound

N.M. Joshi Marg, Mahalakshmi

Mumbai - 400 011

SECRETARIAL AUDITORS

S.R. & ASSOCIATES

Company Secretaries

16A, Shakespeare Sarani, 5th Floor

New B.K.Market, Kolkata - 700 071

REGISTRAR AND SHARE TRANSFER AGENT

NICHE TECHNOLOGIES PRIVATE LIMITED

D-511, Bagree Market, 5th Floor

71, B.R.B.Basu Road, Kolkata - 700 001

MAS SERVICES LIMITED

T-34, IInd Floor,

Okhla Industrial Area, Phasell,

New Delhi - 110 020

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 11th (Eleventh) Annual Report on the Audited Accounts of the Company for the year ended 31st March, 2015. The summarized financial results are given below:-

FINANCIAL RESULTS

(Rs .in Lacs)

Particulars	2014 - 15	2013 - 14
Total Income	19,206.43	12,163.10
Interest Expenses	9,545.53	6,667.82
Operating Expenses	5,780.84	4,115.63
Depreciation	5.00	0.31
Total Expenses	17,562.49	11,717.21
Profit/(Loss) before Tax	1,643.94	445.89
Provision for Taxation	454.43	171.82
Deferred Tax	129.21	10.54
Profit/(Loss) after Tax	1,060.30	263.53
Transfer to Statutory Reserve	340.00	90.07
Balance Brought Forward from previous year	4,656.78	4,483.32
Balance Available for Appropriation	5,717.08	4,746.85
Balance carried to Balance Sheet	5,377.08	4,656.78

STATE OF THE COMPANY'S AFFAIRS

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

The Company has recorded an operating Profit before Tax of Rs.1,643.94 lacs and Profit after Tax of Rs.1,060.30 lacs during FY 14-15 as against Rs.445.89 lacs and Rs.263.53 lacs in FY 13-14 respectively, showing a growth in operating profit by 268.61% and a growth in Profit after Tax by 301.52% respectively over the previous year.

During the year under review, the Company operated from 82 locations spread over 19 States and 1 Union Territory across the country.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments have occurred after the close of the year till the date of this Report, which can affect the financial position of the Company.

CHANGES IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year 2014-15.

LOAN BOOK

As at 31st March, 2015, the loan book stood at Rs.165,157.60 lacs as against Rs.104,318.17 lacs in the previous year.

DISBURSEMENTS

The Company has done business of Rs.97,815 lacs during the year as against Rs.46,228 lacs in the previous year. Your Company continued to focus mainly on the retail segment which contributed Rs.83,649 lacs to 3,500 customers.

HOLDING COMPANY

Your Company continues to be the Wholly Owned Subsidiary of Magma Advisory Services Limited ("MASL").

Celica Developers Private Limited ("CDPL") being holding company of MASL is holding company of your Company.

Further, Magma Advisory Services Limited is a 100% Equity owned subsidiary of Magma Fincorp Limited ("MFL"), hence your Company continues to be a step down subsidiary of MFL.

DETAILS OF SUBSIDIARY/ASSOCIATES/JOINT-VENTURE COMPANY

Your Company has no subsidiary/Associates/Joint-Venture Company as on 31st March, 2015.

SHARE CAPITAL

During the year under review, there was no change in the Share Capital of the Company.

DIVIDEND

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the financial year ended 31st March, 2015. The Directors also inform that the Company has not declared any Interim Dividend during the year.

TRANSFER TO RESERVES

The Company has transferred Rs.340 lacs to Statutory Reserve. An amount of Rs.5,377.08 lacs is proposed to be retained in the Statement of Profit and Loss for the financial year 2014-15.

PUBLIC DEPOSIT

During the year under review, the Company has not invited deposit from the public falling within the ambit of Section 73 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules 2014. Further in accordance with the National Housing Bank Act, 1987, the Company is a non-deposit taking Housing Finance Company and had declared that it shall not accept deposit as per the terms and conditions of the licence provided by the National Housing Bank.

RESOURCE MOBILISATION

Your Company takes every effort to tap the appropriate source of funding to minimize the weighted average cost of funds. Your Company has mobilized resources through the following sources:

A. TERM LOANS

Your Company has borrowed fresh long term loans of Rs.47,500.00 lacs from banks during the financial year 2014-15 as compared to Rs.10,000.00 lacs during the previous year. The aggregate of term loans outstanding at the end of the financial year 2014-15 stood at Rs.68,596.20 lacs as against Rs.41,000.00 lacs as at the end of the previous year.

B. SHORT TERM LOAN AND COMMERCIAL PAPER

During the year 2014-15, your Company has raised resources by issuing Commercial Paper (CP) and also availed short term borrowings from the banks and the outstanding amount as on 31st March, 2015 is Rs.14,798.08 lacs towards CP & Rs.32,540.38 towards Working capital.

C. NON CONVERTIBLE DEBENTURES

Your Company has outstanding balance of Rs.26,900 lacs through issue of Secured Redeemable Non Convertible

Debentures (NCDs) on Private Placement basis as on 31st March 2015. The Non Convertible Debentures issued by the Company (except Series A) are listed with the BSE Limited. Annual Listing fees as prescribed have been paid to the BSE Limited.

DETAILS OF UNCLAIMED NCDS

There has been no such debenture which has not been claimed by the Investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption.

DETAILS OF DEBENTURE TRUSTEES

1. Name: IDBI Truteeship Services Ltd
Phone No.: 022-40807050
Address: Asian Building, Ground Floor, 17 R Kamani Marg, Ballard Estate, Mumbai - 400001
E-mail: kunal.antani@idbitrustee.com
Website: www.idbitrustee.co.in
Contact person: Mr. Kunal Antani
2. Name: GDA Trusteeship Ltd
Phone No.: 022-49220506
Address: Office No 1, 2 & 3 4th floor, Rehemadoola House, 7th Homji Street, Off P M Road, Fort, Mumbai - 400001
E-mail: umeshsalvi@gdatrustee.com
Website: www.gdatrustee.com
Contact person: Mr. Umesh Salvi

CREDIT RATING

Your Company had received rating from CARE, CRISIL & ICRA for its various borrowing programmes as follows:

- For Commercial Paper/short term loan programmes of Rs.70,000 lacs as [CRISIL] "A1 +" (Pronounced as CRISIL A1 + [A One Plus]).
- For Fund Based Long Term Loan Programme of Rs.1,00,025.00 lacs as [CARE] "AA-" (Pronounced as CARE AA- [Double A Minus]).
- For Fund Based Long Term Loan Programme of Rs.5,000 lacs as [ICRA] AA- (Pronounced as ICRA AA- [Double A Minus]).
- For Non-Convertible Debentures Borrowing Programme of Rs.5,000 lacs [ICRA] "AA-" (Pronounced as ICRA AA- [Double A Minus]).
- For Non-Convertible Debentures Borrowing Programme of Rs.31,400 lacs [CARE] "AA-" (Pronounced as CARE AA- [Double A Minus]).

BRANCH EXPANSION

During the year under review, your Company has started operations from 33 new branches comprising 22 new branches & converting 11 Existing Offices into Full Service Branches. The total number of Offices as on 31st March, 2015 are 87, comprising of 84 branches & 3 customer representative offices. Your Company has planned to further strengthen brand building measures which will generate further awareness amongst the stakeholders.

CAPITAL ADEQUACY

As required under Housing Finance Companies (NHB) Directions, 2010 your Company is presently required to maintain a minimum capital adequacy of 12% on a stand-alone basis. Your Company's capital adequacy ratio stood at 15.6% as on 31st March 2015, which provides an adequate cushion to withstand business risks and is above the minimum requirement of 12% stipulated by the National Housing Bank ("NHB"). In addition, Section 29C of the National Housing Bank Act 1987, requires a Company to transfer minimum 20% of its net profit to a reserve fund. In accordance with the said provision, your Company has transferred 32% of its net profit to the reserve fund in the year under review.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company adhered to the Policy on Provisioning for NPAs and Write-off adopted by the Company as per the prudential guidelines for Non Performing Assets (NPA), issued by the National Housing Bank (NHB) under its Directions of 2010, as

amended from time to time. As per the prudential norms and policy, the income on such NPAs has not been recognised.

As per the prudential norms and policy prescribed by the NHB, the Company has made provision for contingencies on standard as well as non-performing housing loans and property loans. The Company has also made additional provision to meet unforeseen contingencies.

The amount of Gross Non-Performing Assets (GNPA) as on 31st March, 2015 is Rs.2,770.96 lacs, which is equivalent to 1.68% of the loan portfolio of the Company. The total cumulative provision towards loan assets as on 31st March, 2015 is Rs.643.49 lacs. During the year, the Company has written off Rs.427.40 lacs of loans as against Rs.667.19 lacs during the previous year.

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

1. Your Company does not have any activity relating to conservation of energy or technology absorption.
2. Your Company does not have any foreign exchange earnings or outgo in terms of Companies (Accounts) Rules, 2014.

NATIONAL HOUSING BANK (NHB) GUIDELINES

The Company has complied with the provisions of Housing Finance Companies (NHB) Directions, 2010 as prescribed by NHB and has been following the various Circulars, Notifications and Guidelines issued by National Housing Bank (NHB) from time to time.

KYC & AML STANDARDS

During the year, the Board reviewed and noted the amendments to the Company's KYC and Prevention of Money Laundering Policy as stipulated by NHB. Your Company has adhered to the compliance requirements in terms of the said policy for monitoring and reporting cash/suspicious transactions.

The Fair Practices Code framed by NHB seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what services they can reasonably expect, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the housing finance company and foster confidence in the housing finance system. During the year, your Company has adhered to the Fair Practices Code as approved by the Board of Directors.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Heramb Ravindra Hajarnavis (DIN 01680435), Non-Executive Independent Director and Mr. V. Lakshmi Narasimhan (DIN 01315352), Non-Executive Director of the Company relinquished their office as the Directors of the Company w.e.f. 23rd August, 2014 and 27th August, 2014 respectively.

The Board has placed on record their deep appreciation for the valuable contribution made by Mr. Heramb Ravindra Hajarnavis and Mr. V. Lakshmi Narasimhan during their unstinted tenure of services with the Company.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 and on the recommendation of the Nomination and Remuneration Committee, Mr. Rupen Mukesh Jhaveri (DIN 01820858) was appointed as Non-Executive Independent Director of your Company w.e.f. 6th October, 2014 for a term of five consecutive years and was not liable to retire by rotation. Mr. Jhaveri relinquished his office as Director of the Company w.e.f. 10th June, 2015.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee had appointed Mr. Ashutosh Shukla (DIN 00075360) and Mr. Mayank Poddar (DIN 00009409) as Additional (Non-Executive) Directors of your Company w.e.f. 3rd September, 2014 and 4th May, 2015 respectively and they shall hold office up to the ensuing Annual General Meeting (AGM) and shall be liable to retire by rotation.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 and on the recommendation of the Nomination and Remuneration Committee, Ms. Mamta Binani (DIN 00462925) was appointed as Non-Executive Independent Director of your Company w.e.f. 28th March, 2015 for a term of five consecutive years and shall not be liable to retire by rotation.

The Directors had also on the recommendation of the Nomination and Remuneration Committee appointed Mr. Ajay Bharat Candade (DIN 07090569) as an Additional Director (Non-Executive Independent) Director of the Company w.e.f. 10th June, 2015 who shall hold office up to the date of ensuing Annual General Meeting of the Company or the last date on which the

Annual General Meeting should have been held, whichever is earlier. Mr. Candade is also proposed to be appointed as an Independent Director of the Company for a period of 5 years with effect from 10 June, 2015, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

Your Company has received notices from a member pursuant to Section 160(1) of the Companies Act, 2013 signifying the intention to propose the candidature of Mr. Ashutosh Shukla, Mr. Mayank Poddar and Mr. Ajay Bharat Candade as the Directors of the Company.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Sanjay Chamria (DIN 00009894), retires at the ensuing AGM, and being eligible offers himself for re-appointment.

The brief resume / details relating to Directors who are to be appointed / re-appointed are furnished in the Notice of the ensuing AGM. The Board of Directors of your Company recommends the appointment/reappointment of the said Directors at the ensuing AGM.

All the Directors have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013.

Consequent to the stepping down of Mr. Sunil Jain from the position of Chief Financial Officer of the Company with effect from the close of business hours on 30th June 2014, Mr. Gauri Shankar Agarwal was appointed as the Chief Financial Officer (Key Managerial Personnel) of the Company with effect from 1st July, 2014 on the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company. Further, Mr. Gauri Shankar Agarwal stepped down as the Chief Financial Officer of the Company with effect from the close of business hours on 5th November, 2014 and was appointed as the Chief Financial officer of the Company with effect from 6th November, 2014 on the recommendation of the Nomination and Remuneration Committee and Audit Committee of the Board of Directors of the Company.

The Board has placed on record their deep appreciation for the valuable contribution made by Mr. Jain during his unstinted tenure of services with the Company.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149

All the Independent Directors have given declaration to the Company stating their independence pursuant to Section 149(6) of the Companies Act, 2013 and the same have been placed and noted by the Board at its meeting held on 8th April, 2015.

BOARD MEETINGS

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

The Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. During the financial year ended 31st March 2015, nine (9) Board Meetings were held on 30th April 2014, 6th May 2014, 24th June 2014, 29th July 2014, 29th October 2014, 5th November 2014, 6th November 2014, 29th January, 2015 and 2nd March 2015. Meeting is governed by a structured agenda. All the agenda items are backed by comprehensive information and documents to enable the Board to take informed decisions.

Sl. No.	Name of the Directors	Number of meetings Attended during the year 2014 - 15
1	Mr. Sanjay Chamria	9/9
2	Mr. Sachin Khandelwal	8/9
3	Mr. Kailash Baheti	9/9
4	Mr. V. Lakshmi Narasimhan ¹	4/4
5	Mr. Heramb Ravindra Hajarnavis ²	0/4
6	Mr. Ashutosh Shukla ³	5/5
7	Mr. Rupen Mukesh Jhaveri ⁴	2/5
8	Ms. Mamta Binani ⁵	0/0

¹Resigned w.e.f. 27th August 2014

²Resigned w.e.f. 23rd August 2014

³Appointed w.e.f. 3rd September 2014

⁴Appointed w.e.f. 6th October 2014

⁵Appointed w.e.f. 28th March 2015

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 20th May 2015, inter alia, to discuss:

- To review the performance of Non Independent Directors and the Board of Directors as a whole ;
- To review the performance of Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- To assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, your Company has adopted the Remuneration Policy with the comprehensive procedure on performance evaluation. The Board has carried out the annual performance evaluation of its own performance, the Directors individually including the Chairman of the Board as well as the evaluation of the Committees of the Board. A structured questionnaire was prepared after taking into consideration inputs received from the Directors. The performance evaluation of the Independent Directors was also carried out by the entire Board.

A detailed discussion was done considering the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, ethics and compliances, financial reporting process and monitoring activities.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as leadership quality and skill, level of engagement and independence of judgement.

The results of the evaluation done by Independent Directors were reported to the Chairman of the Board. It was reported that the performance evaluation of the Board, Committee etc. was satisfactory. The Directors expressed their satisfaction with the evaluation process.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Executive Director (Managing Director) is appointed based on terms approved by the Shareholders. The remuneration paid to Managing Director (MD) is considered by the Nomination and Remuneration Committee (NRC) taking into account various parameters included in the Remuneration Policy document. His remuneration comprises of salary, allowances and perquisites as indicated in Notes to Accounts to the Financial Statements for the year ended 31st March, 2015. The details of fixed components and performance linked incentives along with the performance criteria and details of service contracts of the MD are furnished in the Notice of the ensuing Annual General Meeting. During the year under review no sitting fees was paid to the Directors for attending the Board and Committee Meetings.

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

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in the Annexure A to the Directors' Report and form part of this report.

AUDIT COMMITTEE

Your Company has reconstituted the Audit Committee (AC) of the Company in terms of the provisions of Section 177 of the Companies Act, 2013.

Terms of reference

The terms of reference of the Audit Committee are as per the guidelines set out in Section 177 of the Companies Act, 2013 and guidelines provided by National Housing Bank from time to time. These include:

- i. Discuss with the Auditors periodically about the adequacy of Internal Control System, the scope of Audit including the observations of the Auditors and review and examination of the financial statements and the auditors' report thereon before submission to the Board and also ensure compliance of Internal control systems and may also discuss any related issues with the internal and statutory auditors and the management of the company.
- ii. Investigate into any matter in relation to the items within the purview of the Terms of Reference of the ACB or referred to it by the Board or auditor of the Company and for this purpose, shall have full access to information contained in the books, records, facilities, personnel of the Company and power to obtain professional advice from external sources and external professional consultants or from any employee.
- iii. Recommend on any matter relating to financial management
- iv. The going concern assumption
- v. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit.
- vi. To discuss with internal auditors and the management of any significant findings, status of previous audit recommendations and follow up there on.
- vii. Recommend to the Board for appointment, remuneration and terms of appointment of auditors of the Company;
- viii. Ensuring compliance of Anti Money Laundering Policy
- ix. Overseeing Compliance with accounting standards
- x. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- xi. Approve and recommend to the Board the transactions with the related parties of the company including any subsequent modification thereof;
- xii. Scrutinise inter-corporate loans and investments;
- xiii. Examine the valuation of undertakings or assets of the company, wherever it is necessary;
- xiv. Evaluation of internal financial controls and risk management systems;
- xv. Monitor the end use of funds raised through public offers and making appropriate recommendations to the Board to take up steps in this matter.
- xvi. To approve rendering of services by the statutory auditor other than those expressly barred under section 144 of the Companies Act 2013 and remuneration for the same.
- xvii. To oversee the functioning of the whistle blower/ vigil mechanism, if any.
- xviii. To appoint registered valuers
- xix. Any other matter as delegated by the Board of Directors of the Company from time to time.

Composition

As on 31st March, 2015 the Committee comprises of Mr. Sanjay Chamria, Non-Executive Director who serves as the Chairman of the Committee, Mr. Rupen Mukesh Jhaveri, Non-Executive Independent Director and Ms. Mamta Binani, Non-Executive Independent Director. During the financial year ended 31st March 2015, five (5) Audit Committee Meetings were held on 30th April 2014, 29th July 2014, 29th October 2014, 6th November 2014 and 29th January, 2015. All the recommendations made by the Audit Committee during the year were accepted by the Board. Following table sets out the composition of the Audit Committee and particulars of attendance of members of the Committee at various meetings:

Sl No.	Name of the Members	Category	Number of meetings Attended during the year 2014 - 15
1.	Mr. Sanjay Chamria	Chairman, Non - executive	5/5
2.	Mr. Sachin Khandelwal ¹	Executive	5/5
3.	Mr. Kailash Baheti ¹	Non - executive	5/5
4.	Mr. V. Lakshmi Narasimhan ²	Non - executive	2/2
5.	Mr. Rupen Mukesh Jhaveri ³	Independent, Non - executive	1/2
6.	Ms. Mamta Binani ⁴	Independent, Non - executive	0/0

¹Resigned as a member w.e.f. 31st March 2015

²Resigned as a member w.e.f. 29th October 2014

³Inducted as a member w.e.f. 29th October 2014

⁴Inducted as a member w.e.f. 31st March 2015

VIGIL MECHANISM

Section 177 of Companies Act, 2013 read with rules made thereunder requires your Company to establish a vigil mechanism. Instead of having separate policy on vigil mechanism, your Company has adopted the 'Breach of Integrity and Whistle Blower Policy' of Magma Fincorp Limited, Holding Company (Magma Policy) which shall be also applicable for the Company. Further, the procedure for redressing the dispute arising out of fraud is prescribed in the Magma Policy.

The Magma Policy has been framed with an objective to deal with issues pertaining to integrity, encouraging the employees and directors of the Company to raise any concern about Company's operations and working environment, including possible breaches of Company's policies and standards, without fear of adverse managerial action being taken against such employees.

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

The mechanism also provides for adequate safeguards against victimization of employees and in exceptional cases direct access to the Chairman of the Audit Committee to report instances of fraud/misconduct.

The said Policy may be referred to, at the website of the company, i.e. www.magmahfc.co.in.

NOMINATION & REMUNERATION COMMITTEE

Your Company has reconstituted the Nomination & Remuneration Committee (NRC) of the Company in terms of the provisions of Section 178 of the Companies Act, 2013.

Terms of Reference of the Committee, inter alia, includes the following:

1. Recommending the size and an optimum mix of promoter directors, executive, independent and non-independent directors keeping in mind the needs of the Company.
2. To formulate criteria for:
 - a. determining qualifications, positive attributes and independence of a director;
 - b. evaluation of independent directors and the Board
3. Identifying, evaluating and recommending to the Board:
 - a. Persons who are qualified for appointment as Independent and Non-Executive Directors/Executive Directors/ Whole time Directors/Managing Directors in accordance with the criteria laid down;
 - b. Appointment of Senior Management Personnel (all the Direct Reportees to the Managing Director) in accordance with the criteria laid down;

- c. Removal of Directors and Senior Management Personnel.
4. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole;
5. Recommending Budget for Board related expenses;
6. To devise a Policy on remuneration including any compensation related payments of the directors, key managerial personnel and other employees and recommend the same to the Board of Directors of the Company;
7. Based on the Policy as aforesaid, determine remuneration packages for the following:
 - a. Recommend remuneration package of the Directors of the Company, including Sitting Fees and other expenses payable to Non-Executive Directors of the Company
 - b. Recommend changes in compensation levels and one time compensation related payments in respect of Managing Director/Whole-time Director/Executive Directors.
 - c. Approve remuneration packages and service contract terms of Senior Management (all the Direct Reportees to the Managing Director) including the structure, design and target setting for short and long term incentives / bonus
 - d. Approve framework and broad policy in respect of all Employees for increments
8. Contracting Professional help to advise the Committee on matters relating to the terms of reference of the Committee requiring independent input from outside experts;
9.
 - a. Recommend & Review succession plans for Managing Directors
 - b. Review and approve succession plans for Senior Management (all the Direct Reportees to the Managing Director)
10. Conduct annual review of the Committee's performance and effectiveness at the Board level.
11. Powers as may be delegated by the Board of Directors from time to time subject to the provisions of the Memorandum of Association & Articles of Association of the Company, the Companies Act, 2013 and other applicable laws.

Composition

As on 31st March, 2015 the Committee comprises of Mr. Kailash Baheti, Non-Executive Director who serves as the Chairman of the Committee, Mr. Rupen Mukesh Jhaveri, Non-Executive Independent Director and Ms. Mamta Binani, Non-Executive Independent Director. During the financial year ended 31st March 2015, four (4) NRC Meetings were held on 24th June 2014, 5th November 2014, 6th November 2014 and 29th January, 2015. Following table sets out the composition of the NRC and particulars of attendance of members of the Committee at various meetings:

Sl No.	Name of the Members	Category	Number of meetings Attended during the year 2014 - 15
1.	Mr. Sanjay Chamria ¹	Chairman, Non - executive	4/4
2.	Mr. Sachin Khandelwal ¹	Executive	3/4
3.	Mr. Kailash Baheti	Chairman, Non - executive	4/4
4.	Mr. V. LakshmiNarasimhan ²	Non-Executive	1/1
5.	Mr. Rupen Mukesh Jhaveri ³	Independent, Non - executive	1/3
6.	Ms. Mamta Binani ⁴	Independent, Non - executive	0/0

¹Resigned as a member w.e.f. 31st March 2015

²Resigned as a member w.e.f. 29th October 2014

³Inducted as a member w.e.f. 29th October 2014

⁴Inducted as a member w.e.f. 31st March 2015

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee adopted the Remuneration Policy, which inter alia includes policy for selection and appointment of Directors, CEO & Managing Director, Key Managerial Personnel, Senior Management Personnel and their remuneration. Familiarisation Program forms part of the Remuneration Policy. This Policy inter-alia includes:

1. Criteria of selection of directors, senior management personnel and key managerial personnel:
 - 1.1 Your Company has currently one Executive Director. Selection of Executive Director/s shall be in line with the selection criteria laid down for independent directors, insofar as those criteria are not inconsistent with the nature of appointment; Nomination and Remuneration Committee (NRC) is responsible for identification, shortlisting and recommending candidature of person for the position of Managing Director to the Board of Directors of the Company;
 - 1.2 Independent Directors will be selected on the basis of identification of industry/ subject leaders with strong experience. The advisory area and therefore the role, may be defined for each independent director;
 - 1.3 In your Company Senior Management Personnel shall comprises the function and business heads who are directly reporting to MD and/or VC&MD as the case may be;
 - 1.4 For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role. In order to validate the requirement –
 - i. Job Description (JD) along with profile fitment characteristics from a personality, experience and qualification point of view shall be created;
 - ii. Selection shall happen through referrals from Board members, industry leaders or leading search firms;
 - iii. The recruitment process shall generally involve meetings with MD and/or VC&MD and/or identified members of the Nomination and Remuneration Committee ("NRC"), basis which the candidature will be finalised;
 - iv. On the lines of broad inputs provided by NRC, there shall be a compensation discussion and resulting fitment, based on overall positioning with respect to the market, internal parity and structure of the compensation offer (which includes fixed and variable pay components). Thereafter, the offer shall be rolled out;
2. Determination of qualification, positive attributes and independence test for the Independent directors to be appointed:
 - 2.1 For each Independent Director, the appointment shall be based on the need identified by the Board;
 - 2.2 The role and duties of the Independent Director shall be clearly specified by highlighting the committees they are expected to serve on, as well as the expectations of the Board from them;
 - 2.3 At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively;
 - 2.4 Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws;
 - 2.5 Director's Independence test shall be conducted as per the conditions specified in the Companies' Act and the rules thereunder;

- 2.6 The remuneration of the Directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the Directors; and
- 2.7 MD and/or VC&MD as the case may be along with Company Secretary shall be involved in the familiarisation/ induction process for the independent director/s.
3. Remuneration policy for the Directors (including Independent Directors), key managerial personnel and senior management personnel:
- 3.1 At present, the Independent Directors are not paid any sitting fees. However, the Independent Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, 2013 read with applicable rules thereof, or any amendments thereto, as may be determined by NRC from time to time, for attending each meeting(s) of the Board and Committees thereof.
- 3.2 Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the board and committee meetings;
- 3.3 The remuneration paid to MD shall be considered by the NRC taking into account various parameters included in this policy document and recommended to the Board for approval. This shall be further subject to the approval of the Members at the next General Meeting of the Company in consonance with the provisions of the Companies Act, 2013 and the rules made thereunder;
- 3.4 For KMP and Senior Management Personnel, remuneration shall be based on the KRAs identified and the achievement thereof. The increments shall usually be linked to their performance as well performance of the company:
- i. The increment on fixed salary would correspond to the percentage increase with respect to the final performance rating as per the agreed salary increment grid.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to section 135 of the Companies Act, 2013 read with rules made thereunder, your directors have constituted the Corporate Social Responsibility (CSR) Committee. As on 31st March, 2015 the Committee comprises of Mr. Sanjay Chamria, Non-Executive Director who serves as the Chairman of the Committee, Mr. Rupen Mukesh Jhaveri, Non-Executive Independent Director and Mr. Sachin Khandelwal, Managing Director. During the financial year ended 31st March 2015, no meeting of the CSR Committee was held.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The CSR Policy has been posted on the Company's website at www.magmahfc.co.in.

As part of its initiatives under CSR, the Company had proposed to undertake projects or programs in the areas of Education, Health, Water and Sanitation and Environment Protection and Awareness. These projects are largely in accordance with Schedule VII of the Companies Act, 2013 and are also in line with the CSR Plan of the Company.

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

RISK MANAGEMENT POLICY

Board of your Company with the intent to implement a consistent, efficient, and economical approach to identify, evaluate and respond to key risks that may impact business objectives of your Company and to mitigate business risks in order to minimize the frequency and impact of risks, has adopted Risk Management Policy.

The specific objectives of the Risk Management Policy is to respond to the Management needs for enhanced risk information and improved governance, to provide the ability to prioritize, manage and monitor the increasingly complex risks in the business and to provide an explicit, comprehensive process to satisfy the regulators, and other stakeholders, and to ensure

companywide implementation, to ensure systematic and uniform assessment of risks related with financing business, to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices and to assure business growth with financial stability.

The risk and risk mitigating factors are discussed and deliberated at the Risk Management Committee and subsequently the same is placed at the Board Meeting for review. Further the Board is of opinion that at present there are no material risks that may threaten the functioning of the Company.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and are reviewed by the Audit Committee of the Board. During the year the Company had not entered into any contract/arrangement/ transaction with related parties which could be considered material in accordance with Rule 15 of Companies (Meeting and Powers of Board) Rules, 2014. The nature of related party transactions does not require any disclosure in AOC-2. The particulars of contracts/arrangements/ transactions entered into by the Company with related parties are mentioned separately in notes to accounts.

FRAUD REPORTING

Fraud reporting made in terms of National Housing Bank Guidelines and RBI Guidelines, as may be applicable, are reviewed by the Audit Committee of the Board.

INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL

Your Company has an adequate system of internal financial control which is commensurate with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed by the Audit Committee of the Board of Directors. The Audit Committee regularly reviews the audit findings and actions taken thereon, as well as the adequacy and effectiveness of the internal systems and controls.

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

- i. Systems have been laid to ensure that all transactions are executed in accordance with management's general and specific authorization. There are well-laid manuals for such general or specific authorisation.
- ii. Systems and procedures exist to ensure that all transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for aspects.
- iii. Access to assets is permitted only in accordance with management's general and specific authorization. No assets of the Company are allowed to be used for personal purposes, except in accordance with terms of employment or except as specifically permitted.

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

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

PARTICULARS OF LOANS/GUARANTEES/ADVANCES/INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR

The disclosures relating to particulars of loans/advances/investments outstanding during the financial year as per the clause 28A of Debt Listing Agreement are furnished in Note Nos. 14, 16, 28 and 30 to the financial statement. The Company has not taken any loans and/or advances from the Parent or Holding Company.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and

Administration) Rules, 2014, extract of annual return is annexed as "Annexure C".

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013, and based on the information provided by the management your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed by your Company along with proper explanation relating to material departures, if any.
- having selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2015 and of the profit of the Company for the year under review.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 and Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any.
- the annual accounts have been prepared on a going concern basis.
- internal financial controls are laid down by the directors to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

STATUTORY AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company bearing registration number - 101248W/W-100022, had been appointed for a period of 3 years from the conclusion of the 10th AGM (for FY 2013-14) till the conclusion of the 13th AGM (for FY 2016-17). The Board now recommends the appointment of M/s. B S R & Co. LLP for ratification by the members at the Annual General Meeting for the Financial Year 2015-16.

STATUTORY AUDITORS OBSERVATIONS

Observations of the auditors when read together with relevant notes on accounts and accounting policies are self-explanatory and do not require any further comments. The Auditors Report does not contain any qualification, reservation or adverse remark.

However, the Auditors have pointed out in the report that there is a delay in deposit of professional tax with appropriate authorities.

The Board of Directors informs that the delay pertained to registration issue which is being addressed by the Management.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs S. R. & Associates, (Membership No. of the Partner: 29195), a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2014-15. The Report of the Secretarial Audit Report for the financial year ended 31st March 2015 is annexed herewith as "Annexure D".

SECRETARIAL AUDITORS' OBSERVATIONS

The Secretarial Auditors have drawn attention to the following:

Remuneration paid to Mr. Sachin Khandelwal, Managing Director of the Company was in excess of the limits as prescribed under Schedule V of the Companies Act, 2013.

The Board of Directors informs that your Company has revised his remuneration with effect from 01st April, 2014 and due to such revision, the remuneration of Mr. Khandelwal falls within the limit of remuneration prescribed under Schedule V of the

Act. In accordance with Section II of Part II of Schedule V of the Companies Act, 2013, the Company is seeking Shareholders approval at the ensuing Annual General Meeting.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

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

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013

The Company is committed to provide a safe & conducive work environment to its employees and has formulated 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment. During the year under review, no case of sexual harassment was reported.

FUTURE PROSPECTS

1. INDUSTRY OVERVIEW

The Indian Housing Finance Market has crossed the Rs.10 trillion mark indicating a steady growth of 17% (annualized) for 9mFY15. Of this 10 trillion housing loan book, Rs 6.3 trillion loans is with banking sector and the balance Rs.3.7 trillion with Housing Finance Companies (HFC)/Non-Banking Financial Companies (NBFCs). The expected growth rate as per CRISIL report on Housing Finance is 22% for FY16.

Though mortgage finance penetration levels in India have been increasing consistently, (8.24% as on December 31, 2014) they still remain low vis-a vis developed countries. Given that there is a large proportion of population which is still underserved by the traditional financial institution, there is still untapped potential for growth especially in certain segments like affordable housing.

Affordable Housing

To promote growth in affordable housing segment, while on the supply side, various state government have introduced initiatives to encourage builders/developers to launch projects in affordable housing space, on the financing side, relaxation of regulation for affordable Housing sector such as higher LTV (inclusion of stamp duty charges etc for calculation of LTV) and long term bonds for affordable housing with relaxation on CRR/SLR and PSL requirement could improve the fund flow to the system. Last few years has seen a few PPP projects sponsored by State Governments, like in Rajasthan.

Liabilities

Investor sentiment for housing sector has also improved as reflected by capital infusions to the tune of Rs 17.8 billion in various HFCs in 2014-15.

Most HFCs rely primarily on wholesale funding sources for onward lending. While the larger HFCs have more diversified funding profile with a higher share of Debt market instrument like NCDs and CPs as well as Retail FDs, the smaller ones continue to depend largely on banks and NHB to meet their borrowing requirement. Some of the larger HFCs have raised funding/are in the process of raising the funds through ECB route also.

Profitability

As the key performance indicator, HFCs have seen 9 Bps moderation in COF in Q3FY 15, which has led to marginal improvement in NIM.

The profitability indicators for the HFCs indicated through ROA & ROE are at 2.1% & 18.8% respectively for Q3 FY 15.

Portfolio Quality

So far the HFCs have been able to maintain their asset quality (Gross NPA of 0.74% as on December 31, 2014) despite stress in operating environment. Overall the Gross NPA % for HFCs is expected to remain between 0.7% -1.1% over the medium term. (ICRA)

Future Prospects

Housing loan disbursements are expected to continue to be more than 50% of the retail lending by all banks and HFC's and likely to increase at a 22-24% CAGR over the next two years (2015-16 and 2016-17) to Rs.4,919 billion, as investments are spurred by a stable central government, expected moderation in consumer price index (CPI) inflation, and lower interest rates. Other factors that would drive up disbursements include: (CRISIL)

- Low mortgage penetration
- Higher loan offtake in tier-II cities
- Rising focus on affordable housing projects
- Faster loan sanctions
- Improved Operating environment
- Expansion of mini metros with captive technology parks
- Growth of nuclear families and urban migration of work force

2. BUSINESS OVERVIEW

Your Company started new loans origination from June, 2013. Your Company offer loans for residential, commercial and plot purchase as also Loan against property, besides Construction finance to Builders & Developers. The Magma Group distribution and branch reach has been leveraged to reach out to smaller markets and focus primarily on self-employed customer segments with informal income and over the last two years, we have started lending from more than 87 branches and their outreach.

Your Company has a Loan Book of Rs 1686 Cr as at 31st March 2015, which includes both the new loans origination and the acquired assets through the takeover of erstwhile GE Money Housing Finance and Loan against Property portfolio of GE Money Financial Services Private Limited.

Your Company intends to disburse Rs.1140 crore in FY16, by adding new customers and leveraging the existing branches, channels and customers of the Magma group. Your Company also intends to undertake residential construction finance for projects which are feasible and are being developed by credible developers in outskirts of metros or in smaller markets. Your Company will encourage cross-selling of insurance products - both Property Insurance and a Life Insurance cover to the loanee along with the Home Loans and Loan against Property.

APPRECIATION

Your Directors would like to record their appreciation of the hard work and commitment of the Company's personnel and warmly acknowledge the unstinting support and cooperation extended by Bankers and Financial Institutions, Customers, Business Associates and other Stakeholders including its Holding Companies in contributing to the results.

Your Directors also take the opportunity to thank National Housing Bank for their continued assistance and support.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 10th June, 2015

Sanjay Chamria
Chairman
(DIN: 00009894)

Annexure A to Directors' Report

A. Statement of particulars of employees pursuant to provisions of Section 197(12) of the Companies Act 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 referred to in the Directors' Report for the year ended March 31, 2015 and forming part thereof

1. Employees employed throughout the year and in receipt of remuneration aggregating Rs. 60,00,000/- or more per annum.

Name	Age (in years)	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (in Rs.)	Particulars of last employment, last post, employer
SACHIN KHANDELWAL	48	BE – Mechanical / MMS (Marketing) – Sydenham Institute of Management	Managing Director (Exe. Vice President)	1-June-2013	24	12,511,441	MD & CEO – Home Finance / ICICI Home Finance
SACHIN GROVER	42	MBA – Marketing (Pune University)	National Sales Head (Sr. Vice President)	1-June-2013	18	11,834,542	National Head – Sales (Mortgages) / India Infoline

2. Employed for a part of the year and in receipt of remuneration aggregating Rs. 5,00,000/- or more per month.

Name	Age	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (in Rs.)	Particulars of last employment, last post, employer
SUNIL GUPTA	46	CA – 1992	Compliance Officer (Vice President)	1-Oct-2014	22	3,470,936	National Credit Manager – Housing & SME (Executive Vice President) / Religare Private Ltd

Notes:

- Gross remuneration comprises salary, medical reimbursement, leave travel concession, housing, Company's contribution to provident fund, pension and gratuity fund, monetary value of other perquisites as per the Income Tax Act and Rules, leave encashment and bonus.
- All appointments were made in accordance with the terms and conditions as per Company Rules.
- None of the employee hold 2% or more of the paid up share capital of the Company either by himself or along with his/her spouse and dependent children.
- None of the above employee is related to any Director of the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 10th June, 2015

Sanjay Chamria
Chairman
(DIN: 00009894)

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2014 - 15 (Rs. in lacs)	% increase in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	Sachin Khandelwal Managing Director	125.11	65%	16.36	The increments were linked to market and industry information, on performance of the individual employee as well as company performance which impacted the budget for the increments. In the year under review, average increment is 19.5%. The Company PAT has increased by 302%.
2	Sunil Jain ¹ Chief Financial Officer	9.25	N.A	5.61	
3	Gauri Shankar Agarwal ² Chief Financial Officer	34.82	N.A	7.19	
4	Priti Saraogi ³ Company Secretary	2.41	N.A	0.78	

¹Resigned as Chief Financial Officer w.e.f. 30.06.2014

²Appointed as Chief Financial Officer w.e.f. 01.07.2014

³Salary w.e.f. 01.11.2014

Note: For directors the median has been worked based on actual payments and for non-directors the median has been provided based on CTC.

- (ii) The median remuneration of employees of the Company during the financial year was Rs. 7.65 lacs.
- (iii) In the financial year, there was an increase of 27.89% in the median remuneration of employees;
- (iv) There were 260 permanent employees on the rolls of Company as on March 31, 2015;
- (v) Relationship between average increase in remuneration and company performance: The Profit before Tax for the financial year ended March 31, 2015 increased by 302% whereas the average increase in average remuneration was 19.5%. The average increase in median remuneration was in line with the performance of the Company.
- (vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:
The total remuneration of Key Managerial Personnel increased from Rs.103.52 lacs in 2013-14 to Rs.171.60 lacs in 2014-15 whereas the Profit after Tax increased from Rs. 263.53 lacs in 2013-14 to Rs.1,060.30 lacs in 2014-15. The variation in case of Managing Director is explained in item (viii) below. For other Key Managerial Personnel(s), the increase is Nil/Not Applicable or in line with the Company's performance.
- (vii) a) Variations in the market capitalisation of the Company: N.A.
b) Price Earnings ratio of the Company: N. A.
c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at

which the company came out with the last public offer in the year - Since there was no public offer in last 5 years the relevant details are not applicable.

- (viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 18.99% whereas the increase in the managerial remuneration for the same financial year was 65.77%. Though in FY 2013-14, the period of operation was 9 months. The increase in managerial remuneration was primarily in lieu of increased responsibilities and to align with the industry practice.
- (ix) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration policy for Directors, Key Managerial Personnel and other Employees.
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- (xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 10th June, 2015

Sanjay Chamria
Chairman
(DIN: 00009894)

Annexure B to Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The Company has adopted the CSR Policy of Magma Fincorp Limited, Holding Company. The Company proposes to make a positive difference to society. The Company firmly believes that it has commitment to all its stakeholders - customers, employees and the community in which it operates and it can fulfil this commitment only by sustainable and inclusive growth. The Company aims to improve quality of life through its positive intervention in the community.

Company's key CSR initiatives will be undertaken with a long-term view. Initiatives that are sustainable, that have long-term benefits to the society at large and that have business linkage, but which do not result in business benefits, in the ordinary course of Company's business, will be accorded priority.

The focus area of CSR initiatives are as under:

- 1) Promoting healthcare including preventive health care
- 2) Ensuring environmental sustainability by maintaining quality of air

Weblink: http://magmafhc.co.in/aboutus/fair_practice_code/

2. The Composition of the CSR Committee as on 31st March, 2015

Sl No.	Name of the Directors	Category
1.	Mr. Sanjay Chamria	Non-Executive
2.	Mr. Sachin Khandelwal	Executive
3.	Mr. Rupen Mukesh Jhaveri	Independent, Non -executive

3. Average net profit of the company for last three years.
Average net profit Rs.9.65 crore
4. Prescribed CSR expenditure (2% of the amount as in item no. 3 above).
The Company is required to spend Rs.0.19 crore.
5. Details of CSR spent during the financial year.
- Total amount to be spent for the financial year; The Company had proposed to spend Rs.17.10 Lacs during the year under review and the balance sum of Rs.1.9 Lacs was to be carried forward for next year.
 - Amount unspent, if any; Rs.19 Lacs.
 - Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl.No	Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2)specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1)Direct expenditure on projects or programs (2)Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency (*)
1.	Hygiene sanitation facilities like Installation of e-toilet and porta cabin, conducting of health check-up	Health and Sanitation	Kothputli, Transport Nagar, Jaipur (intended to be undertaken in FY 2015-16)	7.12 Lacs	Nil	Nil	Nil
2.	Drivers workshops for better habits mileage and fuel conservation	Environmental awareness	Kothputli, Transport Nagar, Jaipur (intended to be undertaken in FY 2015-16)	9.98 Lacs	Nil	Nil	Nil
	TOTAL			17.10 lacs			

6. In case the company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report.

The Company has adopted the same 'CSR Policy' as has been approved and adopted by the Holding Company, Magma Fincorp Limited. The Company intends to share the CSR initiatives with Magma Fincorp Limited. The process of identifying the activities which the holding company, Magma Fincorp Limited, would undertake as part of its CSR program could be finalised after due deliberations only in January 2015.

As part of the CSR program, Magma Fincorp Limited has entered into an agreement with Petroleum Conservation Research Association (PCRA) a Government of India undertaking in March 2015, for conducting various training and workshop with respect to environmental awareness.

This is the first year in which the Company commenced the CSR activities in an organised way. The process of identifying activities and various tie ups delayed the CSR spend towards the year end and hence the Company could not spend full amount of envisaged CSR expenditure. The Company would strive to fulfil its commitment for FY 2014-15 by spending higher amount in FY 2015-16.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

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

Sachin Khandelwal
(Managing Director)

Sanjay Chamria
(Chairman CSR Committee)

Place: Kolkata

Date: 10th June, 2015

Annexure C to Directors' Report

FORM NO. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65922DL2004ULL125931
ii)	Registration Date	21 st April, 2004
iii)	Name of the Company	Magma Housing Finance (A Public Company with Unlimited Liability) [Formerly known as GE MoneyHousing Finance (A Public Company with Unlimited Liability)]
iv)	Category of the Company/ Sub Category of the Company	Public Company - Unlimited Indian Non - Government Company
v)	Address of the Registered office and contact details	8, Sant Nagar, East of Kailash, New Delhi - 110065 Telephone No.: 011 45728100
vi)	Whether listed company Yes / No	Yes (Debt Securities Listed)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	1. Mas Services Limited (For Equity and Debt securities) Address: T- 34, IInd Floor, Okhla Industrial Area, Phase II, New Delhi- 110 020 Telephone No.: 011 26387281 2. Niche Technologies Private Limited (For Debt securities) D -511, Bagree Market, 71, B.R.B Basu Road, Kolkata - 700 001 Telephone No.: 033 2235 - 7270/7271

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1	Other Credit Granting	64920	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Magma Fincorp Limited Magma House, 24, Park Street, Kolkata-700016	L51504WB1978PLC031813	Holding	NIL	Refer Note 1
2.	Celica Developers Private Limited 24, Park Street, Kolkata - 700 016	U70109WB1999PTC089015	Holding	NIL	2(46)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
3.	Magma Advisory Services Limited (MASL) Magma House, 24, Park Street, Kolkata – 700 016	U74999WB2012PLC181922	Holding	100%	2(46)

Note 1: MFL is a parent company pursuant to holding 100% equity in MASL, which is the Company's Holding Company.

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
A. Promoters									
(1) Indian									
a) Individual/ HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt. (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	148102450	-	148102450	100	148102450	-	148102450	100	-
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):-	148102450	-	148102450	100	148102450	-	148102450	100	-
(2) Foreign									
a) NRIs Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	148102450	-	148102450	100	148102450	-	148102450	100	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions									
a) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto Rs. 1 lacs	-	50	50	0.0	-	50	50	0.0	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lacs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(i) NRI/ OCB	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Trust	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
(iii) Clearing Member	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-	-	50	50	0.0	-	50	50	0.0	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	50	50	0.0	-	50	50	0.0	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	148102450	50	148102500	100	148102450	50	148102500	100	NIL

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company (approx.)	% of Shares Pledged /encumbered to total shares	No. of Shares	% of total Shares of the company (approx.)	% of Shares Pledged /encumbered to total shares	
1.	Magma Advisory Services Limited	148102450	100.00	0	148102450	100.00	0	0
	Total	148102450	100.00	0	148102450	100.00	0	0

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company (approx.)	No. of Shares	% of total shares of the company (approx.)
At the beginning of the year - Magma Advisory Services Limited	148102450	100	148102450	100
Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/ bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
At the end of the year	148102450	100	148102450	100

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company (approx.)	No. of shares	% of total shares of the Company (approx.)
1	Mayank Poddar	10	0.00	10	0.00
2	Raj Kumar Kapoor	5	0.00	5	0.00
3	Sunil Jain	10	0.00	10	0.00

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company (approx.)	No. of Shares	% of total shares of the company (approx.)
1	Mr. Sanjay Chamria, Non Executive Director				
	At the beginning of the year	10	0.00	10	0.00
	Date wise Increase / Decrease in Share Holding during the Year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ Sweat equity etc.):	-	-	-	-
	At the end of the year	10	0.00	10	0.00
2	Mr. Kailash Baheti, Non Executive Director				
	At the beginning of the year	10	0.00	10	0.00
	Date wise Increase / Decrease in Share Holding during the Year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ Sweat equity etc.): Transfer on 30.04.2014	10	0.00	10	0.00
	At the end of the year	-	-	-	-
3	Mr. Ashutosh Shukla, Non - Executive Director				
	At the beginning of the year	-	-	-	-

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company (approx.)	No. of Shares	% of total shares of the company (approx.)
	Date wise Increase / Decrease in Share Holding during the Year specifying the reasons for increase/decrease (e.g. allotment / transfer /bonus/ Sweat equity etc.):Transfer on 30.04.2014	10	0.00	10	0.00
	At the end of the year	10	0.00	10	0.00
4	Mr. Sachin Khandelwal, Executive Director				
	At the beginning of the year	5	0.00	5	0.00
	Date wise Increase / Decrease in Share Holding during the Year specifying the reasons for increase/decrease (e.g. allotment / transfer /bonus/ Sweat equity	-	-	-	-
	At the end of the year	5	0.00	5	0.00

None of the Other Directors other than those mentioned above hold shares in the Company and none of the KMP hold shares in the Company.

V. INDEBTEDNESS

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

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	70344.13	19800.85	0.00	90144.98
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	114.35	199.15	0.00	313.49
Total (i+ii+iii)	70,458.48	20,000.00	0.00	90,458.48
Change in Indebtedness during the financial year				
Addition	85475.66	125000.00	0.00	210475.66
Reduction	(27503.80)	(130000.00)	0.00	(157503.80)
Net Change	57,971.87	(5,000.00)	0.00	52,971.87
Indebtedness at the end of the financial year				
i) Principal Amount	128036.59	14798.08	0.00	142834.67
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	393.74	201.92	0.00	595.67
Total (i+ii+iii)	128,430.34	15,000.00	0.00	143,430.34

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A - Remuneration to Managing Director, Whole Time Directors and/or Manager

Sl. No.	Particular of Remuneration	Name of MD/ WTD/ Manager				Total Amount (Rs. in Lacs)
		Mr. Sachin Khandelwal, MD				
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961 (b) Value of perquisites u/s 17(2) Income - tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			17(1)	51.55	116.56
				17(2)	Nil	
				17(3)	65.01	
2	Stock Option				-	Nil
3	Sweat Equity				-	Nil
4	Commission - as % of profit - others, specify...				-	Nil
5	Others, please specify				8.55	8.55
	Total (A)				125.11	125.11
	Ceiling as per the Act					105

B – Remuneration of other Directors

1. Independent Directors

Sl. No.	Particular of Remuneration	Name of Directors			Total Amount (Rs. in Lacs)
		Hermab Ravindra Hajarnavis (upto 23.08.2014)	Rupen Mukesh Jhaveri (w.e.f. 06.10.2014)	Mamta Binani (w.e.f. 28.03.2015)	
	Fee for attending board / committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (B)(1)				-

2. Other Non-Executive Directors:

Sl. No.	Particular of Remuneration	Name of Directors				Total Amount (Rs. in Lacs)
		Sanjay Chamria	Kailash Baheti	Ashutosh Shukla (w.e.f. 03.09.2014)	V.Lakshmi Narasimhan (upto 27.08.2014)	
	Fee for attending board / committee meetings	N.A.	N.A.	N.A.	N.A.	N.A.

Sl. No.	Particular of Remuneration	Name of Directors				Total Amount (Rs. in Lacs)
		Sanjay Chamria	Kailash Baheti	Ashutosh Shukla (w.e.f. 03.09.2014)	V.Lakshmi Narasimhan (upto 27.08.2014)	
	Commission	N.A.	N.A.	N.A.	N.A.	N.A.
	Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.
	Total (B)(2)					N.A.
	Total (B) = (B)(1) + (B)(2)					N.A.

C - Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No.	Particular of Remuneration	Key Managerial Personnel			Total Amount (Rs. in Lacs)
		Mr. Sunil Jain Chief Financial Officer (upto 30.06.2014)	Mr. Gauri Shankar Agarwal Chief Financial Officer (w.e.f. 01.07.2014)	Ms. Priti Saraogi Company Secretary (*)	
1	Gross salary	8.59	28.31	2.18	39.09
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	4.95	17.68	1.12	23.74
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil	0.57	Nil	0.57
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	3.64	10.06	1.07	14.77
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil	Nil
5	Others, please	0.66	6.51	0.23	7.40
	Total (C)	9.25	34.82	2.41	46.49

(*) Salary w.e.f. 01.11.2014

VII. Penalties/ Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any
A. Company					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
B. Directors					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
C. Other Officers in default					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

Annexure D to Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31.03.2015**

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

To
The Members
Magma Housing Finance (A Public Company with Unlimited Liability)
Formerly known as GE Money Housing Finance (A Public Company with Unlimited Liability)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Magma Housing Finance (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records

maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined books, papers, minute books, forms and returns filed and other records maintained by Magma Housing Finance for the financial year ended on 31st March, 2015 according to the provisions of the following, in so far as they are applicable to the company:

1. The Companies Act, 2013 with Companies Act, 1956 (to the extent applicable) and the rules made under that Act;
2. The Securities Contract (Regulation) Act, 1956 (SCRA) and the rules made there under;
3. The Depositories Act, 1956 and the regulations and Bye-laws framed under that Act;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External commercial Borrowing;
5. National Housing Bank Act, 1987; NHB Directions and rules made under that Act.
6. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and its amendment in 2012 and 2014.
7. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (prohibition of Insider Trading) Regulations, 1992
 - c) The Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulation, 2009;
 - d) The Securities and Exchange Board of India (Employees Stock Option scheme and Employees Stock purchase scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulation, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
8. Secretarial Standards issued by The Institute of Company Secretaries of India.
9. The Listing Agreement entered into by the company. (However the Listing Agreement is not applicable to the company).

During the period under review the company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the observation as mentioned in Annexure-B.

We further report that

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

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

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

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

We further report that during the audit period the company has issued debentures.

Signature:

Name of Company Secretary in Practice: Rajib Kumar Das

Membership No: ACS 29195 ; C.P. No.:10557

Place: Kolkata

Dated: 16th day of May,2015

Note: This report is to be read with our letter of even date, which is annexed as Annexure-A and forms and integral part of this report.

Annexure-A

Date : 16.05.2015

To

The Members

Magma Housing Finance (A Public Company with Unlimited Liability).

Formerly known as GE Money Housing Finance (A Public Company with Unlimited Liability).

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature :

Name of Company Secretary in Practice: Rajib Kumar Das

Membership No. 29195

Certificate of Practice No. 10557

Date : 16.05.2015

Place: Kolkata

Annexure- B

Summary of Key Observation

SL.No	Particulars
1	The Company has appointed Mr. Sachin Khandelwal as Managing Director with effect from 11 th February, 2013. The remuneration paid to the Managing Director was in excess of limits as prescribed under Schedule V of Companies Act, 2013. We observe that the Company is required to comply with the procedural legal formalities under provision of section 197,198 and Schedule V of the Companies Act, 2013 with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. We have been intimated that the Company would be seeking shareholder's approval for waiver of such excess.

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Magma Housing Finance (A Public Company with Unlimited Liability) ("the Company"), which comprise the Balance Sheet as at 31 March 2015 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 2015 and its profit and its cash flows for the year ended on that date.

Magma Housing Finance (A Public Company with Unlimited Liability)
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (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;
- (e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer note 33 (a) to the financial statements;
 - ii The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – refer note 33 (c) to the financial statements; and
 - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B S R & Co . LLP

Chartered Accountants

Firm Registration No : 101248W/ W - 100022

Akeel Master

Partner

Membership Number: 046768

Place: Mumbai

Date: 4 May 2015

Magma Housing Finance (A Public Company with Unlimited Liability)
Annexure to the Independent Auditors' Report

The Annexure referred to in the Independent Auditors' Report to the members of Magma Housing Finance (A Public Company with Unlimited Liability) ("the Company") for the year ended 31 March 2015:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets acquired during the year.
- b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets verified once every year. In accordance with this programme, all fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (ii) The Company is a Housing Finance Company, primarily engaged in the business of lending of housing loans and home equity loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act").
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service-tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities *except for delays with respect to deposit of professional tax with appropriate authorities awaiting registration*. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, customs duty, excise duty and value added tax.

According to the information and explanations given to us, *except for professional tax amounting to Rs. 1.26 lacs* which was outstanding for more than six months as at the year end, there are no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service-tax, cess and other material statutory dues were in arrears, as at 31 March 2015, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, customs duty, excise duty and value added tax.

- (b) According to the information and explanations given to us, there are no dues of sales tax, wealth tax, customs duty, excise duty, cess, value added tax and other material statutory dues, which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues of Income tax and Service tax, have not been deposited by the Company on account of disputes:

Magma Housing Finance (A Public Company with Unlimited Liability)
Annexure to the Independent Auditors' Report (continued)

Name of the Statute	Nature of the dues	Amount (Rs. lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	8.62	-	AY 2007 -08	Commissioner of Income Tax (Appeal), Delhi
Finance Act, 1994	Service tax	40.36	12.00	Various financial years from 2005 -06 to 2008 -09 (up to September 2008)	Commissioner of Central Excise (Appeal), Chennai

(c) According to the information and explanations given to us there are no amounts which were required to be transferred to the Investor Education and Protection Fund.

- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank, financial institutions or to debenture holders during the year.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the general auditing practices in India, and according to the information and explanations given to us, two instances of fraud on the Company were identified and reported during the year. We have been further informed that the frauds on the Company were mainly related to forged property documents provided by borrowers. The aggregate amount of such frauds is Rs.226.61 lacs. As at 31 March 2015, the loan outstanding has been written off in the statement of profit and loss.

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

Place: Mumbai
Date: 4 May 2015

Akeel Master
Partner
Membership Number: 046768

Balance Sheet

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

(Rs. in lacs)

	Note No.	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,810.25	14,810.25
Reserves and surplus	4	7,037.08	5,976.78
		21,847.33	20,787.03
Non-current liabilities			
Long-term borrowings	5	58,496.20	29,718.74
Deferred tax liabilities (net)	6	394.50	265.29
Long-term provisions	7	1,318.69	1,016.62
		60,209.39	31,000.65
Current liabilities			
Short-term borrowings	8	57,338.46	40,144.98
Trade payables	9	303.73	1,610.10
Other current liabilities	10	28,625.87	22,675.63
Short-term provisions	11	146.15	85.73
		86,414.21	64,516.44
Total		168,470.93	116,304.12
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	47.82	21.62
- Intangible assets	12	5.05	-
- Capital work-in-progress		43.63	-
		96.50	21.62
Long-term loans and advances			
- Housing and property loans	13	150,828.36	99,746.79
- Others		318.72	253.68
Other non-current assets	14	763.70	455.66
		152,007.28	100,477.75
Current assets			
Cash and bank balances	15	168.14	7,905.43
Short-term loans and advances			
- Housing and property loans	16	14,329.24	4,571.38
- Others		1,657.60	3,010.29
Other current assets	17	308.67	339.27
		16,463.65	15,826.37
Total		168,470.93	116,304.12
Significant accounting policies	2		
Notes to the financial statements	3 - 35		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Sachin Khandelwal
Managing Director

Sanjay Chamria
Chairman

Akeel Master
Partner
Membership No. 046768
Mumbai, 04 May 2015

Gauri Shankar Agarwal
Chief Financial Officer

Priti Saraogi
Company Secretary
Kolkata, 04 May 2015

Statement of Profit and Loss

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

(Rs. in lacs)

	Note No.	Year ended 31 March 2015	Year ended 31 March 2014
REVENUE			
Revenue from operations	18	19,070.21	11,998.14
Other income	19	136.22	164.96
Total revenue		19,206.43	12,163.10
EXPENSE			
Employee benefits expense	20	2,994.53	1,488.05
Finance costs	21	11,776.65	7,601.27
Depreciation and amortisation expense	12	5.00	0.31
Provisions and bad debts written-off	22	767.42	667.14
Other expenses	23	2,018.89	1,960.44
Total expense		17,562.49	11,717.21
Profit before tax		1,643.94	445.89
Tax expense:			
Current tax - current year		450.00	134.12
- earlier year		4.43	37.70
Net current tax		454.43	171.82
Deferred tax		129.21	10.54
Profit after tax		1,060.30	263.53
Earnings per equity share			
(Nominal value of Rs.10/- each, fully paid up):	27		
Basic and diluted (in Rs.)		0.72	0.18
Significant accounting policies	2		
Notes to the financial statements	3 - 35		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For B S R & Co. LLP

Chartered Accountants

Firm's Regn. No. 101248W/W-100022

Sachin Khandelwal
Managing Director

Sanjay Chamria
Chairman

Akeel Master

Partner

Membership No. 046768

Mumbai, 04 May 2015

Gauri Shankar Agarwal
Chief Financial Officer

Priti Saraogi
Company Secretary

Kolkata, 04 May 2015

Cash Flow Statement

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

(Rs. in lacs)

	Year ended 31 March 2015		Year ended 31 March 2014	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	1,643.94		445.89	
Adjustments for :				
Depreciation and amortisation expense	5.00		0.31	
General provision against standard assets	300.00		100.00	
Provision for non-performing assets	40.02		(100.05)	
Bad debts written-off	427.40		667.19	
(Profit) / loss on sale of current investments	-		(62.64)	
Brokerage and commission (includes loan origination cost)	178.07		97.56	
Discount on commercial papers	1,894.11	2,844.60	561.41	1,263.78
Operating cash flow before working capital changes	4,488.54		1,709.67	
Adjustments for :				
Trade and other receivables	878.84		(1,480.35)	
Housing and property loans	(61,410.39)		(25,290.48)	
Trade payables	(1,908.84)	(62,440.39)	2,593.06	(24,177.77)
Net cash used in operations	(57,951.85)		(22,468.10)	
Taxes paid (net)	(501.13)	(501.13)	(453.21)	(453.21)
Net cash used in operating activities (A)	(58,452.98)		(22,014.89)	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital work-in-progress)	(79.88)		(21.93)	
Purchase of current investments	-		(7,854.00)	
Sale of current investments	-		7,916.64	
Net cash (used in) / generated from investing activities (B)	(79.88)		40.71	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase / (decrease) in borrowings (net)	50,795.57		26,942.44	
Net cash generated from financing activities (C)	50,795.57		26,942.44	
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(7,737.29)		4,968.26	
Cash and cash equivalents as at the beginning of the year	7,905.43		2,937.17	
Cash and cash equivalents as at the end of the year	168.14		7,905.43	
CASH AND CASH EQUIVALENTS (Note 15)				
Cash in hand	0.17		0.04	
Balances with banks				
In current accounts	167.97		7,905.39	
	168.14		7,905.43	

As per our report of even date attached.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Sachin Khandelwal
Managing Director

Sanjay Chamria
Chairman

Akeel Master
Partner
Membership No. 046768
Mumbai, 04 May 2015

Gauri Shankar Agarwal
Chief Financial Officer

Priti Saraogi
Company Secretary
Kolkata, 04 May 2015

Notes to the financial statements

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

Note: 1

COMPANY OVERVIEW:

Magma Housing Finance (A Public Company with Unlimited Liability), [formerly known as GE Money Housing Finance (A Public Company with Unlimited Liability)], ("MHF", or , "the Company") was incorporated on 21 April 2004 in Gurgaon, India, 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 and consequently the Company became the wholly owned subsidiary of Magma Advisory Services 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 2013 Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the 2013 Act (to the extent notified and applicable) and the directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 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) An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. In case of non-banking financial companies normal operating cycle is not determinable, and therefore operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.
- (c) The accounting policies 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 Generally Accepted Accounting Principles ('GAAP') requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(iii) Housing and property loans

- (a) Housing and property loans include housing loans and loan against property and 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 receivable and are valued at net investment amount including instalments due.

(iv) Revenue recognition

- (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.
- (b) Overdue interest is treated to accrue on realization, due to uncertainty of realization and is accounted for accordingly.

Notes to the financial statements

MAGMA HOUSING FINANCE
(formerly known as **GE MONEY HOUSING FINANCE**)
(A Public Company with Unlimited Liability)

- (c) 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.
- (d) Management Fees on processing of loans as per the agreement are recognised when a binding obligation for granting loan has been entered into.
- (e) All other items of income are accounted for on accrual basis.
- (v) **Loan origination cost**
Upfront expense pertaining to loan origination is amortised over the tenure of the underlying contracts.
- (vi) **Provisions and bad debts written-off**
Loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 ("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 by NHB. 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) **Fixed assets, intangible assets and capital work-in-progress**
Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.
Intangible assets are recorded at the consideration paid for acquisition / development and licensing less accumulated amortisation.
- (viii) **Depreciation and amortisation**
Depreciation on fixed assets is provided systematically using straight line method over its useful life as specified in Schedule II to 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.
Leasehold improvements are amortised over the underlying lease term on a straight line basis.
Individual assets costing less than Rs 5,000/- are depreciated in full in the year of acquisition.
Intangible assets are amortised over their estimated useful lives, not exceeding six years, on a straight-line basis, commencing from the date the asset is available to the Company for its use.
- (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) **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.

Notes to the financial statements

MAGMA HOUSING FINANCE
(formerly known as **GE MONEY HOUSING FINANCE**)
(A Public Company with Unlimited Liability)

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

(c) Compensated absences

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

(xi) 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 (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

(b) Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

(c) Minimum alternative tax

Minimum alternative tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(xii) Provision

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

(a) Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Notes to the financial statements

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
*(A Public Company with Unlimited Liability)***(b) Contingencies**

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

(xiii) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

(xiv) Borrowing costs

Interest on borrowing is 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.

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.

(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 and deposits with banks. 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.

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

(Rs. in lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 3		
SHARE CAPITAL		
Authorised		
200,000,000 (2014: 200,000,000) Equity shares of Rs.10/- each	20,000.00	20,000.00
	<u>20,000.00</u>	<u>20,000.00</u>
Issued, subscribed and paid-up		
Equity share capital		
148,102,500 (2014: 148,102,500) Equity shares of Rs.10/- each, fully paid up.	14,810.25	14,810.25
	<u>14,810.25</u>	<u>14,810.25</u>

A. Reconciliation of the number of equity shares outstanding and the amount of share capital:

	As at 31 March 2015		As at 31 March 2014	
	No. of shares	Amount	No. of shares	Amount
Opening balance	148,102,500	14,810.25	148,102,500	14,810.25
Equity shares issued during the year	-	-	-	-
Closing balance	<u>148,102,500</u>	<u>14,810.25</u>	<u>148,102,500</u>	<u>14,810.25</u>

B. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.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.

C. Shares held by holding Company and details of shareholder holding more than 5% equity shares is set below:

	As at 31 March 2015		As at 31 March 2014	
	No. of shares	% of holding	No. of shares	% of holding
Magma Advisory Services Limited (Holding Company)	148,102,450	100.0	148,102,450	100.0

D. 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.

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
(formerly known as *GE MONEY HOUSING FINANCE*)
(A Public Company with Unlimited Liability)

	(Rs. in lacs)	
	As at 31 March 2015	As at 31 March 2014
Note: 4		
RESERVES AND SURPLUS		
Statutory reserve (Note 32)		
(As per section 29C of the National Housing Bank Act, 1987) *		
Opening balance	1,320.00	1,229.93
Addition during the year	340.00	90.07
	1,660.00	1,320.00
 Surplus (balance in the statement of profit and loss)		
Opening balance	4,656.78	4,483.32
Profit after tax	1,060.30	263.53
Amount available for appropriations	5,717.08	4,746.85
 Appropriations		
Transfer to statutory reserve	340.00	90.07
	5,377.08	4,656.78
	7,037.08	5,976.78

* 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.

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

(Rs. in lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Note: 5			
LONG-TERM BORROWINGS*			
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	19,300.00	11,400.00
		<u>19,300.00</u>	<u>11,400.00</u>
Term loans			
Secured			
from banks	(b)	39,196.20	18,318.74
		<u>39,196.20</u>	<u>18,318.74</u>
		<u>58,496.20</u>	<u>29,718.74</u>

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) Term loans from banks are secured by first charge ranking pari-passu over entire housing and property loans, both present & future.

Details of long term borrowings**(A) Secured redeemable non-convertible debentures****(a) Repayment Terms: On maturity, at par**

Number of Debentures	Face Value (Rs.in lacs)	Month of Allotment	Month of Redemption	31 March 2015		31 March 2014	
				Non-Current	Current maturities*	Non-Current	Current maturities*
200	10	Mar-15	Mar-22	2,000.00	-	-	-
350	10	Mar-15	Mar-20	3,500.00	-	-	-
400	10	Feb-15	Apr-18	4,000.00	-	-	-
600	10	Nov-14	May-16	6,000.00	-	-	-
				<u>15,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Repayment Terms: Quarterly, at par

Number of Debentures	Face Value (Rs. in lacs)	Month of Allotment	Month of Redemption	31 March 2015		31 March 2014	
				Non-Current	Current maturities*	Non-Current	Current maturities*
1900	10	Mar-13	Sep-16	3,800.00	7,600.00	11,400.00	7,600.00
				<u>3,800.00</u>	<u>7,600.00</u>	<u>11,400.00</u>	<u>7,600.00</u>

The above debentures carry interest rates ranging from 10.00% p.a. to 11.30% p.a. (2014: 11.30% p.a.).

(B) Terms of repayment of term loans

Repayment Terms	Interest Terms	Repayment commencing from	No. of Instalments due	31 March 2015		31 March 2014	
				Non-Current	Current maturities*	Non-Current	Current maturities*
Quarterly	Floating	Jun-17	12	14,996.84	-	-	-
Quarterly	Floating	Sep-16	12	10,000.00	-	-	-
Half-Yearly	Floating	Jun-16	8	5,000.00	-	-	-
Quarterly	Floating	Jun-14	10	9,199.36	19,400.00	18,318.74	12,681.26
				<u>39,196.20</u>	<u>19,400.00</u>	<u>18,318.74</u>	<u>12,681.26</u>

The above term loans carry interest rates ranging from 10.50% p.a. to 11.10% p.a. (2014: 11.00% p.a. to 11.10% p.a.).

*Rs.27,000.00 lacs (2014:Rs.20,281.26 lacs) being current maturities of long-term borrowings which is shown separately under the head other current liabilities (Note 10).

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
(formerly known as *GE MONEY HOUSING FINANCE*)
(A Public Company with Unlimited Liability)

(Rs. in lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 6		
DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities		
Unamortised expense	461.13	357.99
Statutory reserve	467.67	331.58
Others	1.21	6.99
	<u>930.01</u>	<u>696.56</u>
Deferred tax assets		
General provision against standard assets	249.18	136.27
Provision for non-performing assets	222.70	195.80
Others	63.63	99.20
	<u>535.51</u>	<u>431.27</u>
	<u>394.50</u>	<u>265.29</u>

	As at 31 March 2015	As at 31 March 2014
Note: 7		
LONG-TERM PROVISIONS		
Provision for gratuity	1.69	-
Provision for compensated absences	43.51	23.15
Other		
General provision against standard assets	630.00	390.00
Provision for non-performing assets		
- Housing loans	412.63	430.02
- Other loans against property	230.86	173.45
	<u>1,318.69</u>	<u>1,016.62</u>

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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(Rs. in lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Note: 8			
SHORT-TERM BORROWINGS			
Loan from banks			
Secured			
Term loans	(a)	10,000.00	10,000.00
Cash credit facilities	(b)	18,540.38	10,344.13
Working capital demand loans	(b)	14,000.00	-
		<u>42,540.38</u>	<u>20,344.13</u>
Commercial papers			
Unsecured			
Face value		15,000.00	20,000.00
Less: Unmatured discounting charges		201.92	199.15
		<u>14,798.08</u>	<u>19,800.85</u>
		<u>57,338.46</u>	<u>40,144.98</u>

Details of cash credit facilities

The cash credit facilities are repayable on demand and carries interest rate at 10.20% to 12.65% p.a. (2014: 10.40% p.a. to 12.75% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 10.45 % p.a. to 12.65 % p.a. (2014: Nil). As per the prevalent practice, cash credit facilities are renewed on a year to year basis and therefore, are revolving in nature.

Nature of security

- (a) Term loans from banks are secured by first charge ranking pari-passu over entire housing and property loans, both present & future.
- (b) Cash credit facilities and working capital demand loans from banks are secured by first charge ranking pari-passu over entire housing and property loans, both present & future.

Terms of repayment of term loans

Repayment Terms	Interest Terms	Rate of Interest	As at 31 March 2015	As at 31 March 2014
Half-yearly	Floating	10.85%	10,000.00	10,000.00
			<u>10,000.00</u>	<u>10,000.00</u>

Details of unsecured commercial papers

Number of units	Face Value (Rs. in lacs)	Repayment Terms	As at 31 March 2015	As at 31 March 2014
4000	5	at Par	-	19,800.85
3000	5	at Par	14,798.08	-
			<u>14,798.08</u>	<u>19,800.85</u>

The above commercial papers carry interest rate ranging from 9.30% p.a. to 9.70% p.a. (2014: 10.50% p.a. to 11.00% p.a.).

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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(Rs. in lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 9		
TRADE PAYABLES		
Due to micro and small enterprises*	-	-
Due to others	303.73	1,610.10
	<u>303.73</u>	<u>1,610.10</u>

* The Company has no dues to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2015 and 31 March 2014. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at 31 March 2015	As at 31 March 2014
Note: 10		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (Note 5)	27,000.00	20,281.26
Interest accrued but not due on borrowings	393.74	114.35
Other payables		
Book overdrafts	-	1,258.97
Advances from customers	545.42	688.98
Statutory liabilities	118.95	61.22
Other current liabilities	567.76	270.85
	<u>28,625.87</u>	<u>22,675.63</u>

	As at 31 March 2015	As at 31 March 2014
Note: 11		
SHORT-TERM PROVISIONS		
Provision for gratuity	0.33	-
Provision for compensated absences	0.32	0.23
Other		
General provision against standard assets	90.00	30.00
Provision for contingent expenses	55.50	55.50
	<u>146.15</u>	<u>85.73</u>

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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Note: 12

FIXED ASSETS

Following are the changes in the carrying value of fixed assets for the year ended 31 March 2015:

(Rs. in lacs)

Description of assets	Gross block			As at 31 March 2015	Depreciation and amortisation			Net block	
	As at 1 April 2014	Additions	Deletions		As at 1 April 2014	For the year	Deletions	As at 31 March 2015	As at 31 March 2015
Fixed assets for own use									
Tangible assets									
Building	21.46	-	-	21.46	0.30	0.36	-	0.66	20.80
Furniture and fixtures	0.47	9.88	-	10.35	0.01	2.59	-	2.60	7.75
Office equipments	-	8.14	-	8.14	-	1.18	-	1.18	6.96
Leasehold improvements	-	12.97	-	12.97	-	0.66	-	0.66	12.31
Total (A)	21.93	30.99	-	52.92	0.31	4.79	-	5.10	47.82
Intangible assets									
Computer softwares acquired	-	5.26	-	5.26	-	0.21	-	0.21	5.05
Total (B)	-	5.26	-	5.26	-	0.21	-	0.21	5.05
Grand Total (A + B)	21.93	36.25	-	58.18	0.31	5.00	-	5.31	52.87

Following are the changes in the carrying value of fixed assets for the year ended 31 March 2014:

Description of assets	Gross block			As at 31 March 2014	Depreciation and amortisation			Net block	
	As at 1 April 2013	Additions	Deletions		As at 1 April 2013	For the year	Deletions	As at 31 March 2014	As at 31 March 2014
Fixed assets for own use									
Tangible assets									
Land and building	-	21.46	-	21.46	-	0.30	-	0.30	21.16
Furniture and fixtures	-	0.47	-	0.47	-	0.01	-	0.01	0.46
Total	-	21.93	-	21.93	-	0.31	-	0.31	21.62

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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(Rs.in lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 13		
LONG-TERM LOANS AND ADVANCES		
Housing and property loans		
Secured, considered good *		
Housing loans	73,866.90	50,958.92
Other loans against properties ^	75,663.68	47,559.85
Secured, considered doubtful		
Housing loans	960.00	922.78
Other loans against properties ^	337.78	305.24
	150,828.36	99,746.79
Others		
Unsecured, considered good		
Advance tax and tax deducted at source	299.19	252.49
[Net of provision for tax aggregating Rs. 454.43 lacs (2014: Rs.134.12 lacs)]		
Security deposits	9.01	1.19
Loans to staff	10.52	-
	318.72	253.68
	151,147.08	100,000.47

* Housing and property loans includes sub-standard assets of Rs.1,473.18 lacs (2014:Rs.1,466.75 Lacs)

^ Other loans against properties includes Rs. 15,939.81 lacs (2014:Rs.22,203.16 lacs) on account of loan against property portfolio purchased during the financial year ended 31 March 2013 from GE Money Financial Services Private Limited and GE Capital Services India aggregating to Rs. 31,337.91 lacs.

	As at 31 March 2015	As at 31 March 2014
Note: 14		
OTHER NON-CURRENT ASSETS		
Others		
Unamortised borrowing costs	118.01	122.23
Unamortised loan origination costs	645.69	313.77
Gratuity (excess of plan assets over obligation)	-	19.66
	763.70	455.66

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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(Rs.in lacs)

	As at 31 March 2015	As at 31 March 2014
Note: 15		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	0.17	0.04
Balances with banks		
In current accounts	167.97	7,905.39
	<u>168.14</u>	<u>7,905.43</u>
Note: 16		
SHORT-TERM LOANS AND ADVANCES		
Housing and property loans		
Secured, considered good		
Housing loans	10,820.23	2,105.83
Other loans against properties	3,509.01	2,465.55
	<u>14,329.24</u>	<u>4,571.38</u>
Others		
Unsecured, considered good		
Loan and advances to related parties (Note 28)	-	1,950.00
Other loans and advances		
Loans to staff	10.29	8.11
Advances recoverable in cash or in kind or for value to be received	114.39	45.04
Balance with Statutory / Government authorities	43.25	101.72
Accrued interest / financial charges	1,461.07	889.44
Prepaid expenses	28.60	15.98
	<u>1,657.60</u>	<u>3,010.29</u>
	<u>15,986.84</u>	<u>7,581.67</u>
Note: 17		
OTHER CURRENT ASSETS		
Others		
Unamortised borrowing costs	208.24	237.14
Unamortised loan origination costs	99.56	68.70
Others	0.87	33.43
	<u>308.67</u>	<u>339.27</u>

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

(Rs. in lacs)

	Year ended 31 March 2015	Year ended 31 March 2014
Note: 18		
REVENUE FROM OPERATIONS		
Interest income		
On housing and property loans	17,753.94	10,915.13
On fixed deposits	-	3.68
On loans, margins and etc.	51.60	406.48
	<u>17,805.54</u>	<u>11,325.29</u>
Other financial income		
Management fees	1,128.44	514.25
Others	136.23	158.60
	<u>1,264.67</u>	<u>672.85</u>
	<u>19,070.21</u>	<u>11,998.14</u>
Note: 19		
OTHER INCOME		
Net gain on sale of current investments (short-term, other than trade)	-	62.64
Bad debts recovered	127.78	102.32
Miscellaneous income	8.44	-
	<u>136.22</u>	<u>164.96</u>
Note: 20		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	2,850.46	1,412.17
Contribution to provident and other funds	117.26	63.25
Staff welfare expenses	26.81	12.63
	<u>2,994.53</u>	<u>1,488.05</u>
Note: 21		
FINANCE COSTS		
Interest expense		
On debentures	2,055.44	2,129.56
On term loans	6,260.58	4,225.85
On cash credit and working capital facilities	1,229.23	312.41
On others	0.28	-
Discount on commercial papers	1,894.11	561.41
Other borrowing costs	337.01	372.04
	<u>11,776.65</u>	<u>7,601.27</u>

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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(Rs. in lacs)

	Year ended 31 March 2015	Year ended 31 March 2014
Note: 22		
PROVISIONS AND BAD DEBTS WRITTEN-OFF		
Bad debts written-off	427.40	667.19
Provision for non-performing assets	40.02	(100.05)
General provision against standard assets	300.00	100.00
	<u>767.42</u>	<u>667.14</u>

	Year ended 31 March 2015	Year ended 31 March 2014
Note: 23		
OTHER EXPENSES*		
Rent	79.59	13.77
Brokerage and commission (includes loan origination cost)	178.07	97.72
Rates and taxes	1.63	5.60
Travelling and conveyance	275.24	177.62
Office maintenance	77.12	145.42
Repairs and maintenance		
- machinery	1.13	-
- others	0.58	0.10
Professional fees	253.91	215.63
Legal charges	138.51	57.86
Outsourced manpower costs	692.63	1,037.74
Printing and stationery	46.21	15.47
Communication	53.70	22.51
Electricity charges	24.61	3.78
Advertisement and publicity expenses	47.62	17.99
Miscellaneous expenses	148.34	149.23
	<u>2,018.89</u>	<u>1,960.44</u>

*includes expenses allocated from related parties (Note 28)

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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Note:

24 Employee benefits

(Rs. in lacs)

Gratuity benefit plan

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 2015	Year ended 31 March 2014
Opening defined benefit obligation	16.54	-
Current service cost	18.70	16.54
Interest cost	1.51	-
Actuarial losses /(gains)	4.50	-
Benefit paid	-	-
Closing defined benefit obligation	41.25	16.54

(b) Changes in the fair value of the plan assets are as follows

	Year ended 31 March 2015	Year ended 31 March 2014
Opening fair value of the plan assets	36.20	-
Actual return on plan assets	3.02	1.39
Contributions by employer	0.01	34.81
Benefit paid	-	-
Closing fair value of the plan assets	39.23	36.20

(c) Net asset / (liability) recognised in the balance sheet

	As at 31 March 2015	As at 31 March 2014
Defined benefit obligation	41.25	16.54
Fair value of plan assets	39.23	36.20
Net asset / (liability)	(2.02)	19.66

(d) Expenses recognised in the statement of profit and loss account

	Year ended 31 March 2015	Year ended 31 March 2014
Current service cost	18.70	16.54
Interest on defined benefit obligation	1.51	-
Net actuarial losses / (gains) recognised	4.77	-
Expected return on plan assets	(3.29)	(1.39)
Net expense included in "Employee benefits expense"	21.69	15.15

(e) Summary of actuarial assumptions

	Year ended 31 March 2015	Year ended 31 March 2014
Discount rate	7.91%	9.10%
Salary escalation rate	5.00%	5.00%

(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) Experience adjustments:*

	31 March 2015	31 March 2014
Present value of defined benefit obligation	41.25	16.54
Fair value of plan assets	39.23	36.20
Funded status [surplus/(deficit)]	(2.02)	19.66
Experience (gain)/loss adjustment on plan liabilities	(2.56)	-
Experience gain/(loss) adjustment on plan assets	(0.27)	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	7.06	-

* 100% shareholding of the Company were acquired by Magma Advisory Services Limited on 11 February 2013 and all pending gratuity liabilities were settled by the Company prior to the acquisition date. Hence, the disclosures has been presented for the post acquisition period only.

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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Note:**25 Lease transactions in the capacity of Lessee**

(Rs. in lacs)

Lease rental expense under non-cancellable operating lease during the year ended 31 March 2015 and 31 March 2014 amounted to Rs.4.72 lacs and Rs.Nil respectively. Future minimum lease payments under non cancellable operating lease is as below:

	31 March 2015	31 March 2014
Not later than one year	3.06	-
Later than one year but not later than five years	-	-
Later than five years	-	-

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year ended 31 March 2015 and 31 March 2014 was Rs. 1.14 lacs and Rs. Nil respectively.

26 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.

27 Earnings per share (EPS)

Calculation of Earning per share (Basic & diluted) as required by Accounting Standard 20:

	Units	Year ended 31 March 2015	Year ended 31 March 2014
Basic and Diluted			
1 Weighted average number of Equity shares (Face value of Rs.10/- each) for Basic & Diluted EPS	Nos.	148,102,500	148,102,500
2 Net profit after tax	Rs. in Lacs	1,060.30	263.53
3 Earning per share (Face value of Rs.10/- per share) – Basic & Diluted	Rs.	0.72	0.18

28 Related party disclosures

Related party disclosures as at and for the year ended 31 March 2015.

(A) Names of the Related parties where control exists

Names of the Related parties where control exists	Nature of Relationship
i. Magma Fincorp Limited	Ultimate Holding Company
ii. Magma Advisory Services Limited	Holding Company
iii. Celica Developers Private Limited	Holding Company
iv. Sanjay Chamria	Chairman
v. Sachin Khandelwal	Managing Director
vi. Kailash Baheti	Director
vii. Ashutosh Shukla	Director (w.e.f. 03 September 2014)
viii. V.Lakshmi Narasimhan	Director (up to 27 August 2014)
ix. Heramb Ravindra Hajarnavis	Director (up to 23 August 2014)
x. Rupen Mukesh Jhaveri	Director (w.e.f. 06 October 2014)
xi. Mamta Binani	Director (w.e.f. 28 March 2015)

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

Names of other Related parties	Nature of Relationship
i. Magma ITL Finance Limited	Fellow Subsidiary Company
ii. Sachin Khandelwal	Managing Director
iii. Sunil Jain	Chief Financial Officer (up to 30 June 2014)
iv. Gauri Shankar Agarwal	Chief Financial Officer (w.e.f. 01 July 2014)
v. Priti Saraogi	Company Secretary
vi. Anita Agarwal	Relative of Key Managerial Personnel

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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Note: Significant transactions / balances with related parties (Rs. in lacs)

Name of related party and Nature of relationship	Nature of transaction	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
A) Ultimate Holding Company					
1 Magma Fincorp Limited	Cost allocation	726.13	-	956.53	-
	Interest receipts	-	-	23.50	-
	Short-term loans and advances given	-	-	238.39	-
	Refund of short-term loans and advances given	-	-	198.72	-
B) Holding Company					
1 Magma Advisory Services Limited	Equity share holding	-	14,810.25	-	14,810.25
C) Fellow Subsidiary Company					
1 Magma ITL Finance Limited	Short-term loans and advances given	-	-	2,050.00	1,950.00
	Interest receipts	50.70	-	263.25	-
	Refund of short-term loans and advances given	1,950.00	-	100.00	-
D) Key management personnel					
1 Sachin Khandelwal	Directors' remuneration*	125.11	-	75.67	-
2 Gauri Shankar Agarwal	Salary	34.82	-	-	-
	Loan given	6.47	4.55	-	-
	Repayment of loan received	1.92	-	-	-
3 Sunil Jain	Salary	9.25	-	-	-
4 Priti Saraogi	Salary	2.41	-	-	-
E) Relatives of Key management personnel					
1 Anita Agarwal	Car hire charges paid	4.50	-	-	-

* The remuneration paid to the Managing Director for the financial year ending 31 March 2015 is in excess of the limits prescribed under the provisions of the Companies Act, 2013. In this regard, necessary approval of the shareholders will be sought in the ensuing Annual General Meeting.

29 Payments to auditors (included in professional fees)

	Year Ended 31 March 2015	Year Ended 31 March 2014
Audit fees	16.00	16.00
Other services	0.55	-
Reimbursement of expenses	2.63	4.37
Total	19.18	20.37

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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Note:

(Rs.in lacs)

30 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 2015				As at 31 March 2014			
	Standard assets	Sub-standard assets	Doubtful assets	Total assets	Standard assets	Sub-standard assets	Doubtful assets	Total assets
Balances outstanding								
Housing loans								
- Individuals	67,639.23	673.07	960.00	69,272.30	46,471.99	939.98	922.78	48,334.75
- Corporate	16,374.83	-	-	16,374.83	5,652.78	-	-	5,652.78
Other loans against property	78,372.58	800.11	337.78	79,510.47	49,498.63	526.77	305.24	50,330.64
Total	162,386.64	1,473.18	1,297.78	165,157.60	101,623.40	1,466.75	1,228.02	104,318.17
Provisions								
Opening provision	420.00	220.01	383.46	1,023.47	320.00	263.19	440.33	1,023.52
Provision made/ (written back) during the year	300.00	0.97	39.05	340.02	100.00	(43.18)	(56.87)	(0.05)
Closing provision	720.00	220.98	422.51	1,363.49	420.00	220.01	383.46	1,023.47

31 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 2015	As at 31 March 2014
(i) CRAR (%)	15.6	23.0
(ii) CRAR -Tier I Capital (%)	15.1	22.6
(iii) CRAR -Tier II Capital (%)	0.5	0.5

(b) Exposure to real estate sector, both direct and indirect

	As at 31 March 2015	As at 31 March 2014
A Direct exposure		
(i) Residential mortgages - (net of provisions for non performing assets) 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 Rs.15 lacs	21,472.61	17,160.50
(b) Housing loans greater than Rs.15 lacs	49,707.50	31,613.37
(c) Others	63,722.45	41,340.88
Total	134,902.55	90,114.75
(ii) 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;	14,025.90	4,150.33
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
(a) Residential,	-	-
(b) Commercial real estate	-	-
B Indirect Exposure		
(i) Fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-
(ii) 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)

MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

Note:

31

(c) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities as at 31 March 2015

(Rs. in Crores)

	1 day to 14 days	14 days to 30/31 days (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 *	2.41	-	2.48	50.97	67.93	198.43	265.26	201.47	39.38	63.75	119.27	1,011.37
Market borrowings **	-	-	147.98	19.00	19.00	38.00	98.00	75.00	20.00	-	-	416.98
Assets												
Advances	12.34	16.72	12.93	12.97	36.06	71.94	207.46	178.00	200.82	324.94	607.89	1,682.06
Investments	-	-	-	-	-	-	-	-	-	-	-	-

* Cash credit facilities from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings from banks aggregating Rs.325.40 crores has been distributed over the same period as the maturity pattern of housing and property loans financed.

** Includes secured redeemable non-convertible debentures.

(Rs. in lacs)

32 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	As at
	31 March 2015	31 March 2014
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act ("NHB Act"), 1987	298.02	294.91
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	1,021.98	935.02
c) Total	1,320.00	1,229.93
Additions/Appropriation/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	10.65	3.11
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	329.35	86.96
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	308.67	298.02
b) Amount of Special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	1,351.33	1,021.98
c) Total	1,660.00	1,320.00

Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
(formerly known as *GE MONEY HOUSING FINANCE*)
(A Public Company with Unlimited Liability)

Note:

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

(Rs.in lacs)

(a) Contingent liabilities

	As at 31 March 2015	As at 31 March 2014
Claims against the Company not acknowledged as debt		
(i) Income tax matters under dispute	3.13	-
(ii) Legal cases against the Company *	-	1.00

* These relate to lawsuits, claims, investigations and proceedings, which arise in the ordinary course of business and includes amounts litigated against the Company net of amount provided for contingencies. While the ultimate liability cannot be ascertained at this time, based on facts currently available and its current knowledge of the applicable law, management believes that the cases will not have a material adverse effect on the Company's financial statements or its business operations.

(b) Commitments

	As at 31 March 2015	As at 31 March 2014
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	23.70	-
(ii) Undisbursed housing / other loans	9,328.79	5,711.94

(c) The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision required under any law/accounting standard/NHB regulation for material foreseeable losses on such long term contracts has been made in the books of account. The Company did not have any derivative transaction during the year ended 31 March 2015 (2014:Rs. Nil).

34 Transfer pricing

The Company has developed a system of maintaining of information and documents as required by the transfer pricing legislation under the Income Tax Act, 1961. Management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

35 Additional notes

- (a) The Company has made no imports of any kind and therefore, C.I.F. value of imports of goods are Rs. Nil (2014: Rs. Nil).
- (b) The Company has not earned any income in foreign currency (2014: Rs. Nil).
- (c) The Company has incurred expenditure in foreign currency Rs. Nil (2014: Rs. 6.25 lacs).

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

Firm's Regn. No. 101248W/W-100022

Sachin Khandelwal
Managing Director

Sanjay Chamria
Chairman

Akeel Master

Partner

Membership No. 046768

Gauri Shankar Agarwal
Chief Financial Officer

Priti Saraogi
Company Secretary

Mumbai, 04 May 2015

Kolkata, 04 May 2015



MAGMA HOUSING FINANCE

Magma Housing Finance (A Public Company with Unlimited Liability)
(Formerly, GE Money Housing Finance)

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