

B S R & Co. LLP

Chartered Accountants

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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

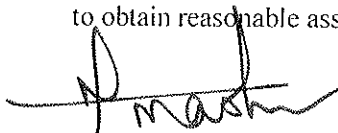
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows 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.



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

Auditors' Responsibility (continued)

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

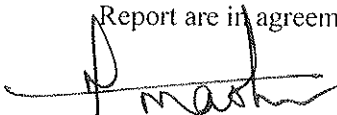
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

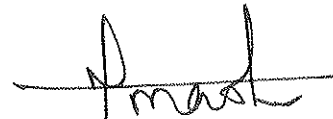


Magma Housing Finance (A Public Company with Unlimited Liability)
Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (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 **BSR & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/ W-100022



Akeel Master
Partner

Membership Number: 046768

Place: Mumbai
Date: 4 May 2015

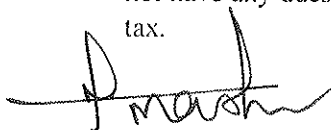
Magma Housing Finance (A Public Company with Unlimited Liability)

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 are 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.

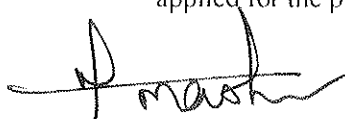


Magma Housing Finance (A Public Company with Unlimited Liability)**Annexure to the Independent Auditors' Report (continued)**

(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:

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.



B S R & Co. LLP

Magma Housing Finance (A Public Company with Unlimited Liability)

Annexure to the Independent Auditors' Report (*continued*)

- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the general auditing practices in India, and according to the 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



Akeel Master
Partner

Membership Number: 046768

Place: Mumbai
Date: 4 May 2015

Balance Sheet

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

(₹ 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
		168,470.93	116,304.12
Total			
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	13		
- Housing and property loans		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	16		
- Housing and property loans		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
		168,470.93	116,304.12
Total			

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 BSR & Co. LLP

Chartered Accountants

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

Akeel Master

Partner

Membership No. 046768

Mumbai, 04 May 2015

Sachin Khandelwal

Managing Director

Sanjay Chamria

Chairman

Gauri Shankar Agarwal

Chief Financial Officer

Priti Saraogi

Company Secretary

Kolkata, 04 May 2015

Statement of Profit and Loss

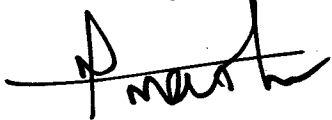
MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

	Note No.	Year ended 31 March 2015	Year ended 31 March 2014
(₹ in lacs)			
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 ₹ 10/- each, fully paid up):	27		
Basic and diluted (in ₹)		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 **BSR & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022



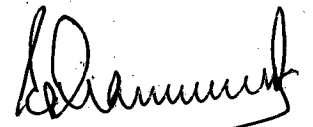
Akeel Master
Partner
Membership No. 046768
Mumbai, 04 May 2015



Sachin Khandelwal
Managing Director



Gaufi Shankar Agarwal
Chief Financial Officer



Sanjay Chamria
Chairman

Priti Saraogi
Priti Saraogi
Company Secretary
Kolkata, 04 May 2015

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Cash Flow Statement

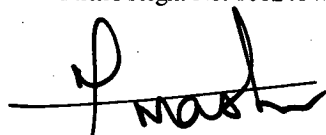
MAGMA HOUSING FINANCE
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

	Year ended		Year ended	
	31 March 2015		31 March 2014	
(₹ in lacs)				
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

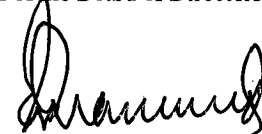
For **BSR & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022



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



Sachin Khandelwal
Managing Director




Sanjay Chamria
Chairman



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.
- (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'.



Notes to the financial statements (continued)

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

(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.

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.

(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.



Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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(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)

(₹ 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 ₹ 10/- each

20,000.00 20,000.00

20,000.00 20,000.00

Issued, subscribed and paid-up

Equity share capital

148,102,500 (2014: 148,102,500) Equity shares of ₹ 10/- each, fully paid up.

14,810.25 14,810.25

14,810.25 14,810.25

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

	As at 31 March 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 ₹ 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.

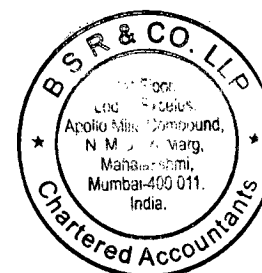
In the event of liquidation of the Company, the equity shareholders of the Company are entitled to receive the remaining assets of the Company after discharging all liabilities of the Company in proportion to the number of equity shares held by the equity shareholders.

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
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	(₹ in lacs)	
	As at	As at
	31 March 2015	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
	<u>1,660.00</u>	<u>1,320.00</u>
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	<u>5,717.08</u>	<u>4,746.85</u>
Appropriations		
Transfer to statutory reserve	340.00	90.07
	<u>5,377.08</u>	<u>4,656.78</u>
	<u>7,037.08</u>	<u>5,976.78</u>

* 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)
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		Security as per	As at 31 March 2015	As at 31 March 2014
(₹ in lacs)				
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 (₹ 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>	-	-	-

(b) Repayment Terms: Quarterly, at par

Number of Debentures	Face Value (₹ 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>

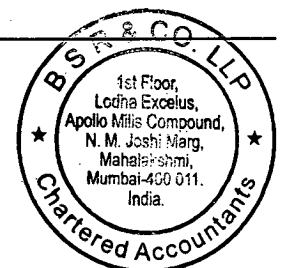
The above debentures carry interest rates ranging from 10.00% p.a. to 11.30% p.a. (2014: 11.30% p.a.).

(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.).

* ₹ 27,000.00 lacs (2014: ₹ 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)

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

	Security as per	As at 31 March 2015	As at 31 March 2014
(₹ in lacs)			
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 (₹ 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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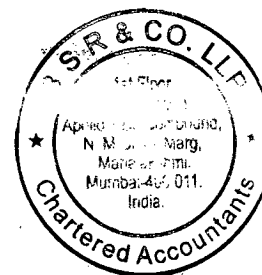
(₹ in lacs)

	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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(A Public Company with Unlimited Liability)

Note: 12

FIXED ASSETS

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

Description of assets	Gross block			Depreciation and amortisation			Net block	
	As at	Additions	Deletions	As at	As at	Deletions	As at	As at
	1 April 2014			31 March 2015	1 April 2014		For the year	31 March 2015
Fixed assets for own use								
Tangible assets								
Building	21.46	-	-	21.46	0.30	0.36	-	20.80
Furniture and fixtures	0.47	9.88	-	10.35	0.01	2.59	-	7.75
Office equipments	-	8.14	-	8.14	-	1.18	-	6.96
Leasehold improvements	-	12.97	-	12.97	-	0.66	-	12.31
Total (A)	21.93	30.99	-	52.92	0.31	4.79	-	47.82
Intangible assets								
Computer softwares acquired	-	5.26	-	5.26	-	0.21	-	5.05
Total (B)	-	5.26	-	5.26	-	0.21	-	5.05
Grand Total (A + B)	21.93	36.25	-	58.18	0.31	5.00	-	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			Depreciation and amortisation			Net block	
	As at	Additions	Deletions	As at	As at	Deletions	As at	As at
	1 April 2013			31 March 2014	1 April 2013		For the year	31 March 2014
Fixed assets for own use								
Tangible assets								
Land and building	-	21.46	-	21.46	-	0.30	-	21.16
Furniture and fixtures	-	0.47	-	0.47	-	0.01	-	0.46
Total	-	21.93	-	21.93	-	0.31	-	21.62



Notes to the financial statements (continued)

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

(₹ 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
	<u>150,828.36</u>	<u>99,746.79</u>
Others		
Unsecured, considered good		
Advance tax and tax deducted at source	299.19	252.49
[Net of provision for tax aggregating ₹ 454.43 lacs (2014: ₹ 134.12 lacs)]		
Security deposits	9.01	1.19
Loans to staff	10.52	-
	<u>318.72</u>	<u>253.68</u>
	<u>151,147.08</u>	<u>100,000.47</u>

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

^ Other loans against properties includes ₹ 15,939.81 lacs (2014: ₹ 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 ₹ 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
	<u>763.70</u>	<u>455.66</u>



Notes to the financial statements (continued)

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

(₹ 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>

	As at 31 March 2015	As at 31 March 2014
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>

	As at 31 March 2015	As at 31 March 2014
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)

	(₹ 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>

	Year ended 31 March 2015	Year ended 31 March 2014
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>

	Year ended 31 March 2015	Year ended 31 March 2014
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>

	Year ended 31 March 2015	Year ended 31 March 2014
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
(formerly known as GE MONEY HOUSING FINANCE)
(A Public Company with Unlimited Liability)

(₹ 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)



Note: (₹ in lacs)

24 Employee benefits
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.

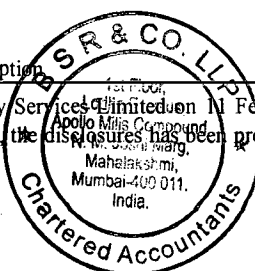
(g) **Expected rate of return on plan assets:** This is based on the expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

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

Note:

(₹ in lacs)

25 Lease transactions in the capacity of Lessee

Lease rental expense under non-cancellable operating lease during the year ended 31 March 2015 and 31 March 2014 amounted to ₹4.72 lacs and ₹ 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 ₹ 1.14 lacs and ₹ 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 ₹ 10/- each) for Basic & Diluted EPS	Nos.	148,102,500	148,102,500
2 Net profit after tax	₹ in Lacs	1,060.30	263.53
3 Earning per share (Face value of ₹ 10/- per share) – Basic & Diluted	₹	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

	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:

(₹ in lacs)

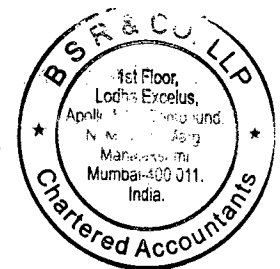
Significant transactions / balances with related parties

Name of related party and Nature of relationship	Nature of transaction	Transaction value for the year ended 31 March 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



Note: (₹ 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:

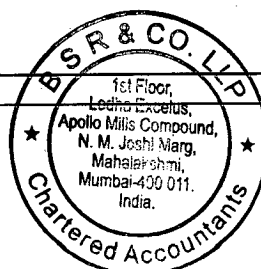
(a) Capital to Risk Assets Ratio (CRAR)

	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 ₹ 15 lacs	21,472.61	17,160.50
(b) Housing loans greater than ₹ 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
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Note: 31

(c) Asset Liability Management:

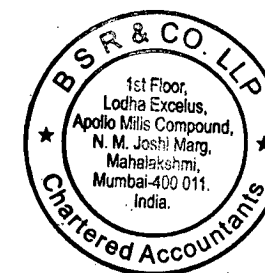
Maturity pattern of certain items of assets and liabilities as at 31 March 2015

(₹ in Crores)

	1day to 14 days	14days to 30/31days (1 month)	Over 1 Months upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 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.



Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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Note: (₹ 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 31 March 2015	As at 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

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

(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
(a) 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: ₹ Nil).



Notes to the financial statements (continued)

MAGMA HOUSING FINANCE
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Note:

(₹ in lacs)

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 ₹ Nil (2014: ₹ Nil).
- (b) The Company has not earned any income in foreign currency (2014: ₹ Nil).
- (c) The Company has incurred expenditure in foreign currency ₹ Nil (2014: ₹ 6.25 lacs).

As per our report of even date attached.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022



Akeel Master
Partner
Membership No. 046768

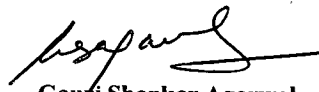
Mumbai, 04 May 2015



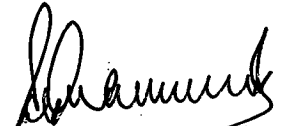
For and on behalf of the Board of Directors



Sachin Khandelwal
Managing Director



Gauri Shankar Agarwal
Chief Financial Officer



Sanjay Chamria
Chairman

Priti Saraogi
Company Secretary

Kolkata, 04 May 2015