# Notes to the financial statements for the year ended 31 March 2021

## Note 1: Company Overview

### Background

Magma Fincorp Limited ('the Company'), incorporated in Kolkata and headquartered in Mumbai, India is a publicly held non-banking finance company engaged in providing asset finance through its pan India branch network. The Company is registered as a systemically important non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

## Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements:

### a) Statement of compliance and Basis of preparation

The financial statements for the year ended March 31, 2021 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC) CC.PD.No.109/22.10.106/2019-20 Dated 13 March 2020. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III of the Companies Act, 2013 (the 'Act'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS.

A summary of the significant accounting policies and other explanatory information is in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as specified under Section 133 of the Companies Act, 2013 (the 'Act') including applicable Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India. The Company consistently applies the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

These financial statements have been approved by the Company's Board of Directors and authorised for issue on 31 May 2021.

### b) Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All amounts have been denominated in lakhs and rounded off to the nearest two decimal, except when otherwise indicated.

### c) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following material items:

- Certain financial assets at Fair value through other comprehensive income (FVTOCI).
- Financial instruments at Fair value through profit and loss (FVTPL) that is measured at fair value
- Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation

### d) Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

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

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

- Note 47 - Impairment of financial instruments: determining inputs into the Expected Credit Loss (ECL) model, including incorporation of forward looking information and assumptions used in estimating recoverable cash flows
- Note 46 - determination of the fair value of financial instruments with significant unobservable inputs
- Note 39 - measurement of defined benefit obligations: key actuarial assumptions
- Note 10 - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used

**Judgements:**

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the standalone financial statement is included in the following note:

**Classification of financial assets:** Assessment of the business model within which the assets are held for sell, held for sell and maturity and held for maturity

f) **Revenue recognition**

Interest income from financial assets (assets on finance) is recognised on accrual basis using Effective Interest Rate ('EIR') method. EIR is applied on future principal of amortised cost of assets on finance. Interest income on stage 3 assets is recognised on net basis.

The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset. The interest income is recognised on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Income from direct assignment transactions represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI.

Overdue interest and other charges are treated to accrue on realization, due to uncertainty of realization and is accounted for accordingly.

For revenue recognition from leasing transactions of the Company, refer Note 40 on Leases below.

Income from collection and support services is recognised over time as the services are rendered as per the terms of the contract.

Fair value changes from security receipts is recognised in the revenue from operations basis fair valuation of the security receipts and provision on the same, if any.

Income from power generation is recognised based on the unit's generated (point in time) as per the terms of the respective power purchase arrangements with respective State Electricity Boards.

Dividend is recognised when the right to receive the dividend is established.

**Other income**

All other items of income are accounted for on accrual basis.

g) **Finance Costs**

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

h) Financial instruments

I) Initial recognition and measurement

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

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

Transaction costs and revenues of financial assets or financial liabilities carried at fair value through the profit or loss account are recognised immediately in the Statement of Profit or Loss. Trade Receivables are measured at transaction price. Trade receivables and debt securities issued are initially recognised when they are originated.

II) Classifications

Financial assets

On initial recognition, depending on the Company's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

- amortised cost;
- fair value through other comprehensive income (FVTOCI); or
- fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The frequency, volume and timing of sales of financial asset in prior periods, the reason for such sales and expectations about future sales activity are important determining factors of the business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Financial instruments at Amortised Cost

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

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

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

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

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

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

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

Equity Investments

All equity investments other than equity investments in subsidiaries / associates / joint ventures are measured at FVTPL. These include all equity investments in scope of Ind AS 109.

Financial liabilities and equity instruments

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

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or fair value through profit or loss, as appropriate.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

Equity instruments

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

III) Subsequent measurement

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss.

FVTOCI

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.

IV) De-recognition of financial assets and financial liabilities

Financial assets

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognise the assets on finance on books which has been securitised under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed) is transferred to statement of Profit or loss



Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Securitization and Assignment

In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

Equity

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

V) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

VI) Impairment of Financial Assets

The Company recognises loss allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

- Stage 1: financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Stage 2: financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Stage 3: financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

The Company's policy for determining significant increase in credit risk is set out in Note 48 (ii) (g).

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Management overlay is used to estimate the ECL allowance in circumstances where management believes that the existing inputs, assumptions and model techniques do not factor the related exception scenario or captures all the risk factors relevant to the Company's lending portfolios.

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are credited to impairment loss on actual realization from customer.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

For more details, refer Note 47(ii).

Presentation of ECL allowance for financial asset:

ECL allowance for financial asset measured at amortised cost or FVOCI is shown as a deduction from the gross carrying amount of the assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

i) Investment in subsidiaries, associates and joint ventures

The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

j) Leases

I) The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognised over and above minimum commitment charges based on usage pattern.

II) The Company as lessee

i) Right to use assets and Lease liability

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

a) the contract involves the use of an identified asset;

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

c) the Company has the right to direct the use of the asset.

Recognition and initial measurement

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

Subsequent measurement

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

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in the in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Presentation

Lease liability and Right of Use assets have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

ii) De-recognition

An item of right to use assets and lease liability is de-recognised upon termination of lease agreement. Any difference between the carrying amount of right to use asset and lease liability is recognised in statement of profit or loss.

k) Employee Benefits

I) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. This includes performance linked incentives. Short term employee obligations are measured at undiscounted basis.

II) Post-employment benefits

Defined contribution plans

A defined contribution plan is a post – employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts.

Provident Fund

Contributions paid / payable to the recognised provident fund, which is a defined contribution scheme, are expensed as the related service is provided and recognised as personnel expenses in profit or loss.

Defined benefit plans

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;

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

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. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income is recognised in the statement of profit and loss. Re-measurements of net defined benefit liability/ (asset) which comprise of the below are recognised in other comprehensive income:

- Actuarial gains and losses;
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

III) Other long term employee benefits

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expenses and actuarial gain / loss on account of the above benefit plans are recognised in the statement of profit and loss on the basis of actuarial valuation.

IV) Share-based payment arrangements - Employee Stock Options

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

In case, the company modifies the terms and condition on which the equity instruments were granted in a manner that is beneficial to the employees, the incremental cost will be recognised over the period starting from the modification date till the date of vesting if the modification occurs during the vesting period. In case, modification occurs after the vesting period, the incremental cost will be recognised immediately.

l) Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognised in statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

I) Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

The amount of current tax reflects the best estimate of the tax amount expected to be paid after considering the uncertainty, if any, related to income taxes.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

II) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

m) Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment (PPE) held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company. Subsequent expenditure on PPE after its purchase is capitalised if it is probable that the future economic benefits will flow to the enterprise.

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

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

Depreciation and amortisation

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

| Sl. No. | Item | Life (in Years) |
|---|---|---|
| 1 | Buildings | 60 |
| 2 | Wind mills | 22 |
| 3 | Furniture and Fixtures | 10 |
| 4 | Vehicles | 8 |
| 5 | Office Equipment | 5 |
| 6 | Server | 6 |
| 7 | Network | 6 |
| 8 | Printer | 3 |
| 9 | Tablet | 3 |

Freehold land is not depreciated.

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

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts not exceeding 8 years.

For the following class of assets, based on internal assessment, the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013:

| | |
|---|---|
| Desktop | 6 years |
| Laptops / Hand Held Device | 4 years |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

De-recognition

An item of property, plant and equipment or investment property is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

Capital work-in-progress

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

n) Intangible assets

Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company.

Expenditure on internally developed software is recognised as an asset when the company is able to demonstrate: that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development.

The developing the software and capitalised borrowing costs, and are amortised over its useful life capitalised costs of internally developed software include all costs directly attributable to

Amortization

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in statement of profit or loss when the asset is de-recognised.

Intangible assets under development

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development.

o) Impairment of non-financial assets

The Company's non – financial assets including deferred tax is assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss. Goodwill is tested annually for impairment

p) Foreign Currency Transactions

Transactions in currencies other than company's operational currency are recorded on initial recognition using the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Company) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/ loss being recognised in statement of profit or loss. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

q) Goods and Services Input Tax Credit

Goods and Services Input tax credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

r) Provisions and contingencies related to claims, litigation, etc.

A provision is recognised if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

I) 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.

II) Contingencies related to claims, litigation, etc.

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.

s) 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 disclosed in the financial statements where an inflow of economic benefits is probable.

t) Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

u) 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 future, 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.

v) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. Refer note 51 for details on segment information presented.

w) Earnings per share

Basic earnings per share has been computed by dividing net income attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Partly paid up equity share is included as fully paid equivalent according to the fraction paid up.



Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

x) Dividend payable (including dividend distribution tax, if any)

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend has been declared by the Board of Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders.

The dividend payable (including dividend distribution tax, if any) is recognised as a liability with a corresponding amount recognised directly in equity.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 3: Cash and cash equivalents

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Cash on hand | 1,506.78 | 79.61 |
| Balances with banks | | |
| In current accounts | 2.67 | 20,406.05 |
| In deposits with original maturity of 3 months or less | 25,000.00 | - |
| **Total** | **26,509.45** | **20,485.66** |

## Note 4: Bank balance other than cash and cash equivalents

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Unpaid dividend account (Earmarked) | 29.32 | 34.59 |
| Bank balance other than cash and cash equivalents | | |
| In deposits with original maturity of 3 months or less | 1,621.81 | 193.00 |
| In deposits with original maturity of more than 3 months | 33,081.61 | 44,123.19 |
| **Total** | **34,732.74** | **44,350.78** |

Balances with banks held as security against borrowings, guarantees lien amounts to ₹2,471.93 lacs (31 March 2020: ₹1,832.95 lacs) and as cash collateral for securitisation of receivables amounts to ₹31,790.66 lacs (31 March 2020: ₹38,091.77 lacs).

## Note 5: Receivables



| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| (i) Trade receivables | | |
| Receivables considered good - Unsecured | 1,017.44 | 799.29 |
| Less: Impairment loss allowance (ECL) | - | - |
| Sub-total - (i) | 1,017.44 | 799.29 |
| (ii) Other receivables | | |
| Receivables considered good - Unsecured | 274.13 | 192.12 |
| Less: Impairment loss allowance (ECL) | - | - |
| Sub-total - (ii) | 274.13 | 192.12 |
| Total - ( i + ii ) | 1,291.57 | 991.41 |

There is no due by directors or other officers of the company or any firm or private company in which any director is a partner, a director or a member.

## Note 6: Loans

| Particulars | Amortised Cost | At Fair Value through other comprehensive income | Total |
|---|---|---|---|
| As at 31 March 2021 | | | |
| (A) (i) Term loans | 755,757.93 | 190,447.14 | 946,205.07 |
| (ii) Leasing | 17,365.69 | - | 17,365.69 |
| (iii) Others | | | |
| - Staff loans | 18.96 | - | 18.96 |
| **Total (A) - Gross** | **773,142.58** | **190,447.14** | **963,589.72** |
| Less: Impairment loss allowance (ECL) | 88,693.68 | 18,364.67 | 107,058.35 |
| **Total (A) - Net** | **684,448.90** | **172,082.47** | **856,531.37** |

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 6: Loans *(contd.)*

| Particulars | Amortised Cost | At Fair Value through other comprehensive income | Total |
|---|---|---|---|
| As at 31 March 2021 | | | |
| (B) (i) Secured by tangible assets * | 629,397.78 | 61,065.89 | 690,463.67 |
| (ii) Covered by bank/government guarantees # | 143,725.84 | 97,065.15 | 240,790.99 |
| (iii) Unsecured | 18.96 | 32,316.10 | 32,335.06 |
| **Total (B) - Gross** | **773,142.58** | **190,447.14** | **963,589.72** |
| Less: Impairment loss allowance (ECL) | 88,693.68 | 18,364.67 | 107,058.35 |
| **Total (B) - Net** | **684,448.90** | **172,082.47** | **856,531.37** |
| (C) Loans in India | | | |
| (i) Public sector | - | - | - |
| (ii) Others | 773,142.58 | 190,447.14 | 963,589.72 |
| **Total (C) - Gross** | **773,142.58** | **190,447.14** | **963,589.72** |
| Less: Impairment loss allowance (ECL) | 88,693.68 | 18,364.67 | 107,058.35 |
| **Total (C) -Net** | **684,448.90** | **172,082.47** | **856,531.37** |

* Secured by underlying assets financed

#

1) Loans amounting to ₹22,879.31 lacs under amortised cost category and ₹11,397.66 lacs under fair value through other comprehensive income category are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

2) Loans amounting to ₹104,562.91 lacs under amortised cost category and ₹85,667.49 lacs under fair value through other comprehensive income category are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

3) Loan amounting to ₹16,283.62 lacs under amortised cost category are covered under Partial Credit Guarantee Scheme for NBFCs.

| Particulars | Amortised Cost | At Fair Value through other comprehensive income | Total |
|---|---|---|---|
| As at 31 March 2020 | | | |
| (A) (i) Term loans | 927,564.38 | 228,563.69 | 1,156,128.07 |
| (ii) Leasing | 19,622.76 | - | 19,622.76 |
| (iii) Others | | | |
| - Staff loans | 41.42 | - | 41.42 |
| **Total (A) - Gross** | **947,228.56** | **228,563.69** | **1,175,792.25** |
| Less: Impairment loss allowance (ECL) | 45,344.86 | 12,956.09 | 58,300.95 |
| **Total (A) - Net** | **901,883.70** | **215,607.60** | **1,117,491.30** |
| (B) (i) Secured by tangible assets * | 820,757.02 | 74,003.62 | 894,760.64 |
| (ii) Covered by bank/government guarantees # | 126,430.12 | 100,646.21 | 227,076.33 |
| (iii) Unsecured | 41.42 | 53,913.86 | 53,955.28 |
| **Total (B) - Gross** | **947,228.56** | **228,563.69** | **1,175,792.25** |
| Less: Impairment loss allowance (ECL) | 45,344.86 | 12,956.09 | 58,300.95 |
| **Total (B) - Net** | **901,883.70** | **215,607.60** | **1,117,491.30** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 6: Loans *(contd.)*

| Particulars | Amortised Cost | At Fair Value through other comprehensive income | Total |
|---|---|---|---|
| As at 31 March 2020 | | | |
| (C) Loans in India | | | |
| (i) Public sector | - | - | - |
| (ii) Others | 947,228.56 | 228,563.69 | 1,175,792.25 |
| **Total (C) - Gross** | **947,228.56** | **228,563.69** | **1,175,792.25** |
| Less: Impairment loss allowance (ECL) | 45,344.86 | 12,956.09 | 58,300.95 |
| **Total (C) -Net** | **901,883.70** | **215,607.60** | **1,117,491.30** |

* Secured by underlying assets financed

#

1) Loans amounting to ₹101,181.71 lacs under amortised cost category and ₹100,646.21 lacs under fair value through other comprehensive income category are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

2) Government of India vide a scheme dated 10th August, 2019 agreed to provide one time partial credit guarantee to Public Sector Banks for purchase of pooled assets of financially sound NBFC/HFC in order to provide them with liquidity. The Company had made transactions of ₹25,248.41 lacs under this scheme.

## Note 7: Investments



| Particulars | Amortised Cost | At Fair Value through profit or loss | Others* | Total |
|---|---|---|---|---|
| As at 31 March 2021 | | | | |
| (A) Subsidiaries | - | - | 31,970.94 | 31,970.94 |
| Joint ventures | - | - | 10,920.11 | 10,920.11 |
| Others | 0.16 | 0.99 | - | 1.15 |
| **Total – Gross (A)** | **0.16** | **0.99** | **42,891.05** | **42,892.20** |
| (B) Investments in India | 0.16 | 0.99 | 42,891.05 | 42,892.20 |
| **Total – Gross (B)** | **0.16** | **0.99** | **42,891.05** | **42,892.20** |
| Less: Allowance for impairment loss (C) | - | - | - | - |
| **Total – Net D= (A)-(C)** | **0.16** | **0.99** | **42,891.05** | **42,892.20** |

| Particulars | Amortised Cost | At Fair Value through profit or loss | Others* | Total |
|---|---|---|---|---|
| As at 31 March 2020 | | | | |
| (A) Subsidiaries | - | - | 31,970.94 | 31,970.94 |
| Joint ventures | - | - | 8,270.07 | 8,270.07 |
| Others | 0.16 | 0.99 | - | 1.15 |
| **Total – Gross (A)** | **0.16** | **0.99** | **40,241.01** | **40,242.16** |
| (B) Investments in India | 0.16 | 0.99 | 40,241.01 | 40,242.16 |
| **Total – Gross (B)** | **0.16** | **0.99** | **40,241.01** | **40,242.16** |
| Less: Allowance for impairment loss (C) | - | - | - | - |
| **Total – Net D= (A)-(C)** | **0.16** | **0.99** | **40,241.01** | **40,242.16** |

* The Company accounts for its investments in subsidiaries, associates and joint ventures at deemed cost (carrying value of previous GAAP) in accordance with Ind AS 101.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 8: Other financial assets

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Accrued interest / financial charges | 584.17 | 870.89 |
| Advances recoverable | 984.21 | 9,494.26 |
| Application money paid towards securities * | - | 2,650.04 |
| Trade advance | 1,624.35 | 2,103.78 |
| Excess interest spread receivable (refer note 47) | 4,888.73 | 7,475.84 |
| Security deposits | 492.54 | 793.26 |
| Advances to related parties # | 443.91 | 845.06 |
| Others | 6,508.75 | 3,129.23 |
| Less: Impairment loss allowance (ECL) ** | (2,109.83) | (1,756.71) |
| | **13,416.83** | **25,605.65** |

* 5,464,000 equity shares of the face value of ₹10/- each at price of ₹48.50/- each (including premium of ₹38.50/- each) have been allotted on 28 April 2020 by Magma HDI.

** Includes allowance created against advance recoverable of ₹505.27 lacs (31 March 20: ₹505.27 lacs) and expected credit loss against excess interest spread (EIS) receivable of ₹47.77 lacs (31 March 20: ₹57.93 lacs) and trade advance of ₹1,556.79 lacs (31 March 20: ₹1,193.51 lacs).

# Includes advance given to relatives of directors or members (Refer Note 43)

## Note 9: Current tax assets (net)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Advance tax and deduction at source (net of provision for taxes) | 8,741.52 | 9,540.56 |
| Total | 8,741.52 | 9,540.56 |



## Note 10: Income tax

A. Amounts recognised in statement of profit or loss

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Current tax** | | |
| Current period (a) | - | 1,130.00 |
| Changes in estimates related to prior years (b) | 69.66 | (109.50) |
| | **69.66** | **1,020.50** |
| **Deferred tax (c)** | | |
| Attributable to- | | |
| Origination / (Reversal) of temporary differences | (19,353.25) | (292.58) |
| Decrease in tax rate | - | 3,691.46 |
| Recognition of previously unrecognised temporary timing differences | (145.36) | - |
| **Sub-total (c)** | **(19,498.61)** | **3,398.88** |
| **Tax expense (a)+(b)+(c)** | **(19,428.95)** | **4,419.38** |

B. Income tax recognised in other comprehensive income

| Particulars | Year ended 31 March 2021 Income Tax | Year ended 31 March 2020 Income Tax |
|---|---|---|
| Remeasurement of the defined benefit plans | (66.55) | 33.97 |
| Debt instrument fair value through other comprehensive income | (32.38) | 123.83 |
| | (98.93) | 157.80 |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 10: Income tax *(contd.)*

C. Reconciliation of effective tax rate

| Particulars | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|
| | % | Amount | % | Amount |
| Profit/(Loss) before tax | | (77,265.03) | | 3,418.30 |
| Tax using the Company's domestic tax rate | 25.17 | (19,446.06) | 25.17 | 860.32 |
| **Effect of:** | | | | |
| Impact of change in tax rate | - | - | 107.99 | 3,691.46 |
| Non taxable income / tax incentives / disallowable expenses | (0.15) | 117.74 | (1.28) | (43.87) |
| Recognition of previously unrecognised temporary timing differences | 0.19 | (145.36) | - | - |
| Others (primarily includes difference in depreciation) | 0.03 | (24.93) | 0.61 | 20.97 |
| **Effective tax rate** | **25.24** | **(19,498.61)** | **132.49** | **4,528.88** |
| Provisions relating to earlier years | (0.09) | 69.66 | (3.20) | (109.50) |
| **Income tax expense reported in the statement of profit and loss** | **25.15** | **(19,428.95)** | **129.29** | **4,419.38** |

D. Deferred tax asset, net

Movement of deferred tax assets / liabilities

| Particulars | As at 1 April 2020 | Recognised in profit or loss during the year | Recognised in OCI during the year | Others | As at 31 March 2021 |
|---|---|---|---|---|---|
| **Deferred tax assets:** | | | | | |
| Impairment allowance | 15,160.40 | 12,703.73 | - | - | 27,864.13 |
| Application of effective interest rate method on financial assets and financial liabilities | 1,887.09 | (577.80) | - | - | 1,309.29 |
| Provision for compensated absences | 200.13 | 23.00 | - | - | 223.13 |
| Unabsorbed depreciation and amortisation | - | 2,572.00 | - | - | 2,572.00 |
| Business loss | - | 2,576.37 | - | - | 2,576.37 |
| Minimum alternate tax credit entitlement | - | - | - | - | - |
| Others (primarily other financial liability) | 108.17 | 1.62 | - | - | 109.79 |
| | **17,355.79** | **17,298.92** | **-** | **-** | **34,654.71** |
| **Deferred tax liabilities:** | | | | | |
| Property, plant and equipment | 837.86 | (242.59) | - | - | 595.27 |
| Loans | (170.19) | 299.82 | 32.38 | - | 162.01 |
| EIS receivable | 1,881.52 | (651.12) | - | - | 1,230.40 |
| Investments | (388.01) | (94.68) | - | - | (482.69) |
| Application of effective interest rate method on financial assets and financial liabilities | 4,456.18 | (1,347.63) | - | - | 3,108.55 |
| Gratuity (excess of plan assets over obligation) | 8.63 | 0.49 | 66.55 | - | 75.67 |
| Others (primarily other financial assets) | 331.49 | (163.98) | - | - | 167.51 |
| | **6,957.48** | **(2,199.69)** | **98.93** | **-** | **4,856.72** |
| **Net deferred tax assets** | **10,398.31** | **19,498.61** | **(98.93)** | **-** | **29,797.99** |

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## 10 Income tax *(contd.)*

D. Deferred tax assets,net

| Particulars | As at 1 April 2019 | Recognised in profit or loss during the year | Recognised in OCI during the year | Others | As at 31 March 2020 |
|---|---|---|---|---|---|
| **Deferred tax assets:** | | | | | |
| Impairment allowance | 19,360.03 | (4,199.63) | - | - | 15,160.40 |
| Application of effective interest rate method on financial assets and financial liabilities | 3,398.93 | (1,511.84) | - | - | 1,887.09 |
| Provision for compensated absences | 231.27 | (31.14) | - | - | 200.13 |
| Unabsorbed depreciation and amortisation | - | - | - | - | - |
| Business loss | - | - | - | - | - |
| Minimum alternate tax credit entitlement | 719.78 | - | - | (719.78) | - |
| Others (primarily other financial liability) | 27.86 | 80.31 | - | - | 108.17 |
| | **23,737.87** | **(5,662.30)** | **-** | **(719.78)** | **17,355.79** |
| **Deferred tax liabilities:** | | | | | |
| Property, plant and equipment | 2,038.85 | (1,200.99) | - | - | 837.86 |
| Loans | (118.83) | 72.47 | (123.83) | - | (170.19) |
| EIS receivable | 1,786.04 | 95.48 | - | - | 1,881.52 |
| Investments | (322.81) | (65.20) | - | - | (388.01) |
| Application of effective interest rate method on financial assets and financial liabilities | 5,785.53 | (1,329.35) | - | - | 4,456.18 |
| Gratuity (excess of plan assets over obligation) | 53.61 | (11.01) | (33.97) | - | 8.63 |
| Others (primarily other financial assets) | 156.31 | 175.18 | - | - | 331.49 |
| | **9,378.70** | **(2,263.42)** | **(157.80)** | **-** | **6,957.48** |
| **Net deferred tax assets** | **14,359.17** | **(3,398.88)** | **157.80** | **(719.78)** | **10,398.31** |



E. Unused tax losses on which deferred tax is not created

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Amount | Expiry on | Amount | Expiry on |
| Long term capital loss | | | | |
| A.Y. 2016-2017 | 257.58 | A.Y. 2024-2025 | 257.58 | A.Y. 2024-2025 |
| | | | | |
| Short term capital loss | | | | |
| A.Y. 2014-2015 | 18.18 | A.Y. 2022-2023 | 18.18 | A.Y. 2022-2023 |
| | | | | |
| | 275.76 | | 275.76 | |

A.Y. - 'Assessment Year'

F. Uncertain tax positions

Refer Note 44 on contingent liabilities and commitment relating to income tax matter under dispute.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 11: Property, plant and equipment

| Particulars | Gross carrying amount | | | | Depreciation and amortisation | | | | Net carrying amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31 March 2020 | Additions | Deletions / adjustments | As at 31 March 2021 | As at 31 March 2020 | For the year | Deletions / adjustments | As at 31 March 2021 | As at 31 March 2021 | As at 31 March 2020 |
| **Owned Assets^** | | | | | | | | | | |
| Land | 30.26 | - | - | 30.26 | - | - | - | - | 30.26 | 30.26 |
| Buildings * | 1,545.08 | - | - | 1,545.08 | 114.71 | 38.56 | - | 153.27 | 1,391.81 | 1,430.37 |
| Wind mills | 5,112.34 | - | - | 5,112.34 | 1,232.30 | 409.84 | - | 1,642.14 | 3,470.20 | 3,880.04 |
| Furniture and fixtures | 1,217.90 | - | 325.13 | 892.77 | 493.91 | 179.98 | 307.25 | 366.64 | 526.13 | 723.99 |
| Vehicles | 364.01 | 54.58 | 38.30 | 380.29 | 84.49 | 54.69 | 22.05 | 117.13 | 263.16 | 279.52 |
| Office equipment | 3,391.38 | 65.10 | 615.33 | 2,841.15 | 1,698.54 | 627.04 | 595.14 | 1,730.44 | 1,110.71 | 1,692.84 |
| Leasehold improvements | 1,827.58 | - | 668.42 | 1,159.16 | 803.25 | 401.88 | 645.49 | 559.64 | 599.52 | 1,024.33 |
| **Assets under Lease** | | | | | | | | | | |
| Investment property | 8.60 | - | - | 8.60 | 0.54 | 0.18 | - | 0.72 | 7.88 | 8.06 |
| Vehicles | 7,966.55 | 1,811.39 | 3,351.21 | 6,426.73 | 1,584.19 | 2,115.01 | 2,277.03 | 1,422.17 | 5,004.56 | 6,382.36 |
| **Total** | **21,463.70** | **1,931.07** | **4,998.39** | **18,396.38** | **6,011.93** | **3,827.18** | **3,846.96** | **5,992.15** | **12,404.23** | **15,451.77** |

| Particulars | Gross carrying amount | | | | Depreciation and amortisation | | | | Net carrying amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2019 | Additions | Deletions / adjustments | As at 31 March 2020 | As at 1 April 2019 | For the year | Deletions / adjustments | As at 31 March 2020 | As at 31 March 2020 | As at 1 April 2019 |
| **Owned Assets^** | | | | | | | | | | |
| Land | 30.26 | - | - | 30.26 | - | - | - | - | 30.26 | 30.26 |
| Buildings * | 1,509.54 | 35.54 | - | 1,545.08 | 76.01 | 38.70 | - | 114.71 | 1,430.37 | 1,433.53 |
| Wind mills | 5,112.34 | - | - | 5,112.34 | 820.78 | 411.52 | - | 1,232.30 | 3,880.04 | 4,291.56 |
| Furniture and fixtures | 1,076.12 | 234.49 | 92.71 | 1,217.90 | 389.84 | 188.78 | 84.71 | 493.91 | 723.99 | 686.28 |
| Vehicles | 371.37 | 50.26 | 57.62 | 364.01 | 47.09 | 58.16 | 20.76 | 84.49 | 279.52 | 324.28 |
| Office equipment | 3,241.14 | 622.09 | 471.85 | 3,391.38 | 1,326.91 | 837.31 | 465.68 | 1,698.54 | 1,692.84 | 1,914.23 |
| Leasehold improvements | 1,571.30 | 386.80 | 130.52 | 1,827.58 | 580.36 | 343.80 | 120.91 | 803.25 | 1,024.33 | 990.94 |
| **Assets under Lease** | | | | | | | | | | |
| Investment property | 8.60 | - | - | 8.60 | 0.36 | 0.18 | - | 0.54 | 8.06 | 8.24 |
| Vehicles | 7,047.79 | 3,516.60 | 2,597.84 | 7,966.55 | 930.21 | 2,343.70 | 1,689.72 | 1,584.19 | 6,382.36 | 6,117.58 |
| **Total** | **19,968.46** | **4,845.78** | **3,350.54** | **21,463.70** | **4,171.56** | **4,222.15** | **2,381.78** | **6,011.93** | **15,451.77** | **15,796.90** |

* Registration of title for 4 buildings is pending.

^ For details of movable / immovable property, plant and equipment hypothecated against borrowings, refer Note 17 & 18.

For details on contractual commitment, refer note 44

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 12: Intangible assets under development

| Particulars | As at 1 April 2019 | Additions | Deletions | Written off | As at 31 March 2020 | Additions | Deletions | Written off | As at 31 March 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Intangible assets under development | 94.64 | 1,028.76 | 475.28 | 94.64 | 553.48 | 211.35 | 743.54 | 3.14 | 18.15 |

## Note 13: Other intangible assets

| Description of assets | Gross carrying amount | | | | Depreciation and amortisation | | | | Net carrying amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31 March 2020 | Additions | Deletions / adjustments | As at 31 March 2021 | As at 31 March 2020 | For the year | Deletions / adjustments | As at 31 March 2021 | As at 31 March 2021 | As at 31 March 2020 |
| Intangible assets for own use | | | | | | | | | | |
| Computer software | 5,020.88 | 791.77 | 2,987.66 | 2,824.99 | 3,474.86 | 568.79 | 2,987.66 | 1,055.99 | 1,769.00 | 1,546.02 |
| **Total** | **5,020.88** | **791.77** | **2,987.66** | **2,824.99** | **3,474.86** | **568.79** | **2,987.66** | **1,055.99** | **1,769.00** | **1,546.02** |

| Description of assets | Gross carrying amount | | | | Depreciation and amortisation | | | | Net carrying amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2019 | Additions | Deletions / adjustments | As at 31 March 2020 | As at 1 April 2019 | For the year | Deletions / adjustments | As at 31 March 2020 | As at 31 March 2020 | As at 1 April 2019 |
| Intangible assets for own use | | | | | | | | | | |
| Computer software | 4,391.03 | 629.85 | - | 5,020.88 | 1,831.60 | 1,643.26 | - | 3,474.86 | 1,546.02 | 2,559.43 |
| **Total** | **4,391.03** | **629.85** | **-** | **5,020.88** | **1,831.60** | **1,643.26** | **-** | **3,474.86** | **1,546.02** | **2,559.43** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 14: Right to use assets

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Right to use assets* | 2,965.52 | 5,122.24 |
| **Total** | **2,965.52** | **5,122.24** |

* Refer Note 40 for disclosure related to leases.

## Note 15: Other non-financial assets

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Other advances | | |
| Prepaid expenses | 1,554.26 | 2,461.22 |
| Balances with statutory / government authorities | 1,249.80 | 1,231.47 |
| Gratuity* (excess of plan assets over obligation) | 300.67 | 34.29 |
| Capital Advances | 24.30 | 13.95 |
| | **3,129.03** | **3,740.93** |

* Refer Note 39 for disclosure related to provisions for employee benefits.

## Note 16: Payables

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| (I) Trade Payables | | |
| (i) total outstanding dues of micro enterprises and small enterprises* | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 8,457.50 | 1,966.47 |
| (II) Other Payables | | |
| (i) total outstanding dues of micro enterprises and small enterprises* | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | - | - |
| | **8,457.50** | **1,966.47** |

* 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 2021 and 31 March 2020. 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. The same has been relied upon by auditors.

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| a) Dues remaining unpaid to any supplier at the year end | | |
| - Principal | - | - |
| - Interest on the above | - | - |
| b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year | | |
| - Principal paid beyond the appointed date | - | - |
| - Interest paid in terms of Section 16 of the MSMED Act | - | - |
| c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year | - | - |
| d) Amount of interest accrued and remaining unpaid | - | - |
| e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises | - | - |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 17: Debt securities

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| At Amortised Cost - Secured | | |
| (A) Redeemable non-convertible debentures | 82,593.08 | 64,915.80 |
| Total (A) | 82,593.08 | 64,915.80 |
| (B) Debt securities in India | 82,593.08 | 64,915.80 |
| Total (B) | 82,593.08 | 64,915.80 |

### Nature of security

Debentures issued under private placement are secured by mortgage of Company's immovable property situated at Rajarhat, Kolkata in the state of West Bengal (except for 5,250 units alloted from December 2019 onwards which are only secured by hypothecated loan assets) and are also secured against designated Loans assets. The total asset cover is hundred percent or above of the principal amount of the said debentures.

Debentures issued under public issue are secured by mortgage of Company's immovable property situated at Luz Church Road, Mylapore, Chennai and are also secured against designated loan assets. The total asset cover is hundred percent or above of the principal amount of the said debentures.

### Terms of maturity of secured redeemable non-convertible debentures *

| Maturity schedule | Interest rate range (p.a.) | | Amount | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| 0 - 1 Years | 8.20% -9.55% | - | 16,562.94 | - |
| 1 - 3 Years | 8.75% -10.25% | 9.20% -10.25% | 43,354.60 | 19,886.05 |
| 3 - 5 Years | 9.00% -10.50% | 9.00% -10.50% | 22,209.58 | 44,565.28 |
| > 5 Years | 10.27% -10.75% | 10.27% -10.75% | 465.96 | 464.47 |
| | | | 82,593.08 | 64,915.80 |

* As per contractual tenure

### Covenant breach

The impact of disruptions caused by COVID-19, additional provisions towards potential credit losses and other reasons have resulted in breach of some of the covenants related to borrowings such as interest coverage ratio, profitability, NPA ratios etc.

The Company has been regular in servicing of its borrowings and has represented to the lenders for waiver and amendment with respect to non-compliance of these covenants, wherever applicable. In most of the cases, the consequence of breach is either an increase in interest rate or review of the terms of collateral. In very few cases, there is provision for a right to recall of the facilities. The Company is confident of getting the waivers, given similar waivers having been received in past, considering Company's long track record with the lenders. Further, the Company believes its contingency refinance/ funding plan, current capital adequacy and additional capital raise of ₹345,600 lacs done on May 6, 2021 would enable the Company to tide over any impact of covenant breaches.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 18: Borrowings (other than debt securities)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| At Amortised Cost | | |
| (A) a) Term loans - Secured | | |
| - from banks | 166,091.76 | 217,702.45 |
| - from other parties | 2,863.32 | - |
| b) Loans repayable on demand - Secured | | |
| - from banks (Cash credit facilities and working capital demand loans) | 274,150.94 | 315,092.68 |
| c) Other loans | | |
| - Loan from PTC investors - Secured | 192,382.10 | 327,062.14 |
| **Total (A)** | **635,488.12** | **859,857.27** |
| (B) Borrowings in India | 635,488.12 | 859,857.27 |
| **Total (B)** | **635,488.12** | **859,857.27** |

Nature of security

a) Term loans are secured by way of hypothecation of designated loan assets and future rentals receivable therefrom (except for Term Loan of ₹12,500 lacs availed on 30 July 2020 which is secured by way of extension of charge on security on working capital limit).

b) Loans from PTC investors represents amounts received in respect of securitisation transactions (net of repayments and investment therein) as these transactions do not meet the derecogniton criteria specified under IND AS. These are secured by way of hypothecation of designated loan assets receivables.

c) Cash Credit facilities and Working Capital Demand Loans from Banks are secured by way of hypothecation of the Company's loan assets, tangible movable assets, plant and machinery, equipment etc. and future rental income therefrom and other current assets (expressly excluding those equipment, plant, machinery, spare parts, tangible movable assets, loan assets etc. and future rental income therefrom which have been or will be purchased / financed out of any other facility from Financial Institutions, Banks or any other financial organisation). These are collaterally secured by way of equitable mortgage over immovable property at Santnagar, New Delhi.

Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging from 8.30 % p.a. to 11.80 % p.a. (31 March 2020: from 8.70% p.a. to 11.80% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 6.90% p.a. to 8.80% p.a. (31 March 2020: from 7.90% p.a. to 9.90% p.a.). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. There is no unhedged foreign currency exposure as on 31 March 2021.

The Company has not defaulted in repayment of principal and interest.

Terms of repayment of term loans (secured) *

| Maturity schedule | Interest rate range (p.a.) | | Amount | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| Quarterly installments | | | | |
| 0 - 1 Years | 8.20% - 10.00% | 8.75% - 10.25% | 41,617.00 | 49,973.60 |
| 1 - 3 Years | 8.20% - 10.00% | 9.15% - 10.25% | 69,871.92 | 76,973.93 |
| 3 - 5 Years | 8.25% - 10.00% | 9.15% - 10.00% | 13,370.23 | 29,160.98 |
| | | | **124,859.15** | **156,108.51** |
| Monthly installments | | | | |
| 0 - 1 Years | 6.21% - 12.00% | 9.05% - 12.00% | 24,870.29 | 24,941.55 |
| 1 - 3 Years | 8.90% - 12.00% | 9.15% - 12.00% | 19,208.87 | 31,216.67 |
| 3 - 5 Years | 12.00% | 9.80% - 12.00% | 16.77 | 5,435.72 |
| | | | **44,095.93** | **61,593.94** |
| | | | **168,955.08** | **217,702.45** |

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 18: Borrowings (other than debt securities) *(contd.)*

Terms of maturity of Loan from PTC Investors *

| Maturity schedule | Interest rate range (p.a.) | | Amount | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| 0 - 1 Years | 6.00% - 10.71% | 6.27% - 10.93% | 97,853.66 | 133,625.26 |
| 1 - 3 Years | 6.00% - 10.71% | 6.27% - 10.93% | 91,100.81 | 180,415.31 |
| 3 - 5 Years | 6.00% - 8.46% | 7.91% - 10.71% | 3,427.63 | 13,021.57 |
| | | | **192,382.10** | **327,062.14** |

* As per contractual tenure

Covenant breach

The impact of disruptions caused by COVID-19, additional provisions towards potential credit losses and other reasons have resulted in breach of some of the covenants related to borrowings such as interest coverage ratio, profitability, NPA ratios etc.

The Company has been regular in servicing of its borrowings and has represented to the lenders for waiver and amendment with respect to non-compliance of these covenants, wherever applicable. In most of the cases, the consequence of breach is either an increase in interest rate or review of the terms of collateral. In very few cases, there is provision for a right to recall of the facilities. The Company is confident of getting the waivers, given similar waivers having been received in past, considering Company's long track record with the lenders. Further, the Company believes its contingency refinance/ funding plan, current capital adequacy and additional capital raise of ₹345,600 Lacs done on May 6, 2021 would enable the Company to tide over any impact of covenant breaches.

## Note 19: Subordinated liabilities



| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| At Amortised Cost - Unsecured | | |
| (A) Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity | 7,826.83 | 10,288.80 |
| Others (Tier II capital) : | | |
| - From banks (subordinated debts) | 19,910.53 | 19,885.50 |
| - Redeemable subordinate debt instruments to the extent that do not qualify as equity" | 45,660.17 | 45,510.18 |
| **Total (A)** | **73,397.53** | **75,684.48** |
| (B) Subordinated liabilities in India | 73,397.53 | 75,684.48 |
| **Total (B)** | **73,397.53** | **75,684.48** |

Terms of maturity of perpetual debt debentures (Tier I capital) *

| Maturity schedule | Interest rate range (p.a.) | | Amount | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| 0 - 1 Years | - | 12.50% | - | 2,461.97 |
| 1 - 3 Years | 12.00% -12.10% | - | 4,988.33 | - |
| 3 - 5 Years | 12.10% | 12.00% -12.10% | 681.65 | 4,978.52 |
| > 5 Years | 11.00% -12.10% | 11.00% -12.10% | 2,156.85 | 2,848.31 |
| | | | **7,826.83** | **10,288.80** |

Terms of maturity of redeemable subordinated debt instruments (Tier II capital) *

| Maturity schedule | Interest rate range (p.a.) | | Amount | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| 0 - 1 Years | 11.00% -11.45% | - | 22,897.91 | - |
| 1 - 3 Years | 10.30% -11.50% | 10.30% -11.50% | 11,881.07 | 28,474.78 |
| 3 - 5 Years | 10.20% | 10.70% -10.90% | 415.47 | 6,111.78 |
| > 5 Years | 10.00% -10.40% | 10.00% -10.40% | 10,465.72 | 10,923.62 |
| | | | **45,660.17** | **45,510.18** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 19: Subordinated liabilities *(contd.)*

Terms of repayment of subordinated instruments from banks (unsecured) (Tier II capital) *

| Maturity schedule | Interest rate range (p.a.) | | Amount | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| 0 - 1 Years | 10.10% | - | 1,640.70 | - |
| 1 - 3 Years | 10.10% | 11.00% | 8,298.41 | 8,262.06 |
| 3 - 5 Years | - | 11.00% | - | 1,637.70 |
| > 5 Years | 12.50% | 12.50% | 9,971.42 | 9,985.74 |
| | | | **19,910.53** | **19,885.50** |

* As per contractual tenure

The Company has not defaulted in repayment of principal and interest.

## Note 20: Lease liability

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Lease liability* | 3,394.37 | 5,496.91 |
| | **3,394.37** | **5,496.91** |

* Refer Note 40 for disclosure related to leases.

Terms of maturity of Lease liability

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| 0 - 1 Years | 665.47 | 1,170.46 |
| 1 - 3 Years | 1,028.63 | 1,872.30 |
| 3 - 5 Years | 888.90 | 1,244.64 |
| > 5 Years | 811.37 | 1,209.51 |
| | **3,394.37** | **5,496.91** |

## Note 21: Other financial liabilities

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Interest accrued | 8,115.94 | 8,549.08 |
| Unpaid dividend* | 29.32 | 34.60 |
| Temporary book overdraft | - | 1,855.80 |
| Pending remittance on assignment | 5,876.90 | 5,906.56 |
| Employee expenses payable | 2,767.40 | 3,031.15 |
| Liability for expenses | 3,245.36 | 3,813.19 |
| Other payables | 5,156.60 | 3,937.49 |
| | **25,191.52** | **27,127.87** |

* There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund.

## Note 22: Current tax liabilities (net)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Provision for tax (net of advance tax) | 943.56 | 1,435.17 |
| **Total** | **943.56** | **1,435.17** |

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 23: Provisions

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Provision for employee benefits | 1,030.94 | 932.16 |
| Provision - others | 94.00 | 94.00 |
| | 1,124.94 | 1,026.16 |

## Note 24: Other non-financial liabilities

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Revenue received in advance | 99.05 | 125.59 |
| Advances and deposits from customers | 7,647.60 | 5,535.32 |
| Payable to customers | 943.23 | - |
| Statutory liabilities | 712.69 | 817.98 |
| | 9,402.57 | 6,478.89 |

## Note 25: Equity

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Authorised** | | |
| 1,265,000,000 (31 March 2020: 1,265,000,000) Equity shares of ₹2/- each | 25,300.00 | 25,300.00 |
| 58,300,000 (31 March 2020: 58,300,000) Preference shares of ₹100/- each | 58,300.00 | 58,300.00 |
| | 83,600.00 | 83,600.00 |
| **Issued, subscribed and paid-up** | | |
| Equity share capital | | |
| 269,616,712 (2020: 269,515,312) Equity shares of ₹2/- each, fully paid up | 5,392.33 | 5,390.31 |
| | 5,392.33 | 5,390.31 |



Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Equity shares | | | | |
| At the commencement of the period | 269,515,312 | 5,390.31 | 269,324,236 | 5,386.48 |
| Shares issued on exercise of ESOPs during the year | 101,400 | 2.02 | 191,076 | 3.83 |
| **Issued, subscribed and paid up share capital** | **269,616,712** | **5,392.33** | **269,515,312** | **5,390.31** |

Equity shares:

The Company has only one class of equity shares having a par value of ₹2/- each. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividend on equity shares in Indian ₹.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to preference shareholders. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

During the year, the Company has allotted on 17 June 2020, 7 August 2020, 6 November 2020 and 4 February 2021 4,800 equity shares, 4,800 equity shares, 66,600 equity shares and 25,200 equity shares respectively of the face value of ₹2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time.

During the previous year, the Company has allotted on 14 May 2019, 3 August 2019, 07 November 2019 and 30 January 2020 18,000 equity shares, 18,000 equity shares, 72,600 equity shares and 82,476 equity shares respectively of the face value of ₹2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 25: Equity *(contd.)*

After the end of the year, on 6 May, 2021, the Company has allotted 493,714,286 equity shares of face value of ₹2/- each to Rising Sun Holdings Private Limited (RSHPL), Mr. Sanjay Chamria and Mr. Mayank Poddar on preferential basis , aggregating to ₹345,600 lacs, including premium of ₹68/- per share under Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Companies Act, 2013 read with relevant rules thereunder and other applicable provisions. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 763,330,998 equity shares of ₹2/- each aggregating to ₹15,266.62 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect. Pursuant to the said allotment and completion of the open offer, RSHPL is the largest shareholder of the Company and shall exercise control over the Company. RSHPL is classified as a 'Promoter' of the Company in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time. Consequently, going forward Magma Fincorp Limited would be a subsidiary of RSHPL and Magma Housing Finance Limited shall become a step down subsidiary of RSHPL.

On 31 May 2021, the Nomination and Remuneration Committee has allotted 1,009,649 equity shares of the face value of ₹2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 764,340,647 equity shares of ₹2/- each aggregating to ₹15,286.81 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During current and previous year, the Company did not declare any dividend

**Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:**

The Company has not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

**Shares bought back**

Company has not bought back any of its securities during the five year period immediately preceding the reporting date.



**Shareholders holding more than 5% shares**

| Name of the shareholder | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | % | No. of shares | % | No. of shares |
| **Equity shares** | | | | |
| Microfirm Capital Private Limited | 12.62 | 34,015,928 | 12.62 | 34,015,928 |
| Celica Developers Private Limited | 10.92 | 29,434,455 | 10.92 | 29,434,455 |
| True North Fund V LLP | 7.49 | 20,189,739 | 10.48 | 28,255,524 |
| Amansa Holdings Private Limited | 7.66 | 20,656,242 | 7.66 | 20,656,242 |
| Lavender Investments Limited | 5.60 | 15,101,431 | 7.00 | 18,851,431 |
| Nippon Life India Trustee Limited | 5.30 | 14,285,290 | - | - |
| Reliance Capital Trustee Company Limited | - | - | 6.92 | 18,639,210 |

## Note 26: Other equity

**Capital redemption reserve**

Capital redemption reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Employee share option outstanding**

The Company instituted the Magma Employee Stock Option Plan (MESOP) in 2007 and Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014, which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Refer Note 42 for further details on employee stock options.

**Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)**

Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. Under section 45-IC, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilised for the purposes as may be specified by the Reserve Bank of India from time to time.

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 26: Other equity *(contd.)*

### Securities premium reserve

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

### Capital reserve

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013.

### Debt instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

### Retained earnings

Retained earnings represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves. It also includes impact of remeasurement of defined benefit plans.

## Note 27: Interest Income

| Particulars | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|
| | On Financial Assets measured at fair value through OCI | On Financial Assets measured at Amortised Cost | On Financial Assets measured at fair value through OCI | On Financial Assets measured at Amortised Cost |
| Interest on loans | 34,555.16 | 138,454.60 | 40,496.70 | 157,513.83 |
| Interest on deposits with banks | - | 2,481.70 | - | 3,153.41 |
| Other interest income | | | | |
| - On loans and margins | - | 115.52 | - | 1,029.25 |
| - On security deposit | - | 91.30 | - | 87.47 |
| | **34,555.16** | **141,143.12** | **40,496.70** | **161,783.96** |
| **Total** | | **175,698.28** | | **202,280.66** |

## Note 28: Rental Income

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Income from lease rentals | | |
| - On operating lease assets | 2,964.77 | 3,669.37 |
| - On investment property | 2.54 | 2.54 |
| **Total** | **2,967.31** | **3,671.91** |

## Note 29: Fees and Commission Income

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Collection and support services | 1,292.38 | 1,870.95 |
| Foreclosure charges | 2,219.17 | 3,036.12 |
| Insurance commission | 1,045.77 | 1,449.36 |
| Others (cheque bouncing charges, valuation charges, etc) | 1,493.15 | 1,083.73 |
| **Total** | **6,050.47** | **7,440.16** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 30: Net gain / (loss) on fair value changes*

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| (A) Others | | |
| - On other financial assets | 156.90 | (236.53) |
| Total Net gain / (loss) on fair value changes (A) | 156.90 | (236.53) |
| (B) Fair Value changes: | | |
| Realised | - | - |
| Unrealised | 156.90 | (236.53) |
| Total Net gain / (loss) on fair value changes (B) | 156.90 | (236.53) |

*Fair value changes in this schedule are other than those arising on account of interest income/expense.

## Note 31: Net gain on derecognition of financial instruments

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Income from derecognition on account of direct assignment transactions | - | 4,361.83 |
| Total | - | 4,361.83 |

## Note 32: Other Income



| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Sale of power | 845.16 | 1,014.57 |
| Net gain on derecognition of property, plant and equipment | - | 3.26 |
| Miscellaneous income (includes reversal of excess managerial remuneration of ₹317.85 lacs pertaining to last year, refer note 43 for related party disclosure) | 1,966.98 | 3,131.01 |
| Total | 2,812.14 | 4,148.84 |

## Note 33: Finance cost

| Particulars | Year ended 31 March 2021 On Financial liabilities measured at Amortised Cost | Year ended 31 March 2020 On Financial liabilities measured at Amortised Cost |
|---|---|---|
| Interest on security deposits | 64.98 | 58.02 |
| Interest on borrowings | 68,400.91 | 92,454.98 |
| Interest on debt securities | 7,074.81 | 5,681.55 |
| Interest on subordinated liabilities | 8,738.11 | 10,720.13 |
| Other interest expense * | 262.63 | 652.46 |
| Other borrowing costs (Includes non EIR borrowing expenses) | 2,918.12 | 2,829.96 |
| | 87,459.56 | 112,397.10 |

* Refer Note 40 for disclosure related to leases.

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 34: Impairment on financial instruments

| Particulars | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|
| | On Financial instruments measured at fair value through OCI | On Financial instruments measured at Amortised Cost | On Financial instruments measured at fair value through OCI | On Financial instruments measured at Amortised Cost |
| Loans | 5,408.58 | 43,348.82 | (1,710.06) | 6,617.54 |
| Other assets | - | 353.12 | - | 190.14 |
| Bad debts written-off (net of recoveries) (includes gain on sale of written-off assets ₹2,097 lacs). Refer Note 53 (d)(5) * | 18,686.10 | 64,066.01 | 9,273.83 | 32,033.26 |
| | **24,094.68** | **107,767.95** | **7,563.77** | **38,840.94** |
| **Total** | | **131,862.63** | | **46,404.71** |

* Includes bad debts written off on other financial assets of ₹184.68 lacs

## Note 35: Employee benefits expenses * ^

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Salaries and wages | 27,640.30 | 34,227.63 |
| Contribution to provident and other funds | 1,959.01 | 1,842.78 |
| Share based payments to employees | 308.04 | 141.38 |
| Staff welfare expenses | 691.93 | 1,196.94 |
| **Total** | **30,599.28** | **37,408.73** |

* Refer Note 43 for related party disclosure

^ Refer Note 39 for disclosure related to provisions for employee benefits.

## Note 36: Depreciation, amortisation and impairment

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Depreciation on property, plant and equipment | 3,827.00 | 4,221.97 |
| Depreciation on investment property | 0.18 | 0.18 |
| Depreciation on right to use assets | 819.47 | 1,298.73 |
| Amortisation of intangible asset | 568.79 | 1,643.26 |
| **Total** | **5,215.44** | **7,164.14** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 37: Others expenses #

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Rent | 160.24 | 191.68 |
| Rates and taxes | 70.95 | 766.75 |
| Net loss on derecognition of property, plant and equipment | 24.29 | - |
| Electricity charges | 385.49 | 661.20 |
| Repairs and maintenance | | |
| - Machinery | 203.00 | 242.75 |
| - Others | 1,663.27 | 2,025.25 |
| Communication expenses | 503.59 | 856.24 |
| Printing and stationery | 239.94 | 401.73 |
| Advertisement and publicity | 240.60 | 379.07 |
| Directors | | |
| - Fees | 142.51 | 73.87 |
| - Commission | - | 15.96 |
| Legal charges | 506.44 | 913.65 |
| Professional fees* | 1,062.92 | 2,005.66 |
| Insurance | 81.87 | 125.72 |
| Travelling and conveyance | 503.91 | 1,993.85 |
| CSR expenditure** | 1,159.81 | 226.45 |
| Outsource collection charges | 1,019.61 | 1,169.09 |
| Intangible assets under development written off | 3.14 | 94.64 |
| Credit guarantee fees | 1,596.45 | 1,983.61 |
| Miscellaneous expenses | 245.19 | 746.72 |
| **Total** | **9,813.22** | **14,873.89** |

# Refer Note 43 for related party disclosure



* Payments to auditors

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Statutory audit | 55.00 | 55.00 |
| Limited review of quarterly results | 30.00 | 30.00 |
| Other services | 12.63 | 60.38 |
| Reimbursement of expenses | 5.73 | 18.53 |
| **Total** | **103.36** | **163.90** |

** Details of corporate social responsibility expenditure

A CSR committee has been formed by the Company as per the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the said Act. The focus area of CSR initiatives undertaken by the Company are education, health and environment. The Company incurs CSR expenses directly or through trust Magma Foundation.

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| (a) Amount required to be spent by the Company during the year | 447.39 | 447.50 |
| (b) Amount spent during the year | | |
| (i) Construction/ acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 1,159.81 | 226.45 |

Note: As per Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the Company has since transferred a sum of ₹476.76 lacs to Magma Fincorp Limited-Unspent Corporate Social Responsibility Bank account with ICICI Account No.: 000605035547, being the amount related to continuing CSR projects. Company has also created liability of the same amount.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 38: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

| Particulars | As at 31 March 2021 | | | As at 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| ASSETS | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 26,509.45 | - | 26,509.45 | 20,485.66 | - | 20,485.66 |
| Bank balance other than cash and cash equivalents | 33,171.95 | 1,560.79 | 34,732.74 | 37,770.83 | 6,579.95 | 44,350.78 |
| Receivables | 1,291.57 | - | 1,291.57 | 991.41 | - | 991.41 |
| Loans | 349,216.24 | 507,315.13 | 856,531.37 | 401,276.28 | 716,215.02 | 1,117,491.30 |
| Investments | - | 42,892.20 | 42,892.20 | - | 40,242.16 | 40,242.16 |
| Other financial assets | 9,268.56 | 4,148.27 | 13,416.83 | 19,572.75 | 6,032.90 | 25,605.65 |
| **Total financial assets** | **419,457.78** | **555,916.38** | **975,374.16** | **480,096.93** | **769,070.03** | **1,249,166.96** |
| **Non-Financial assets** | | | | | | |
| Current tax assets (net) | - | 8,741.52 | 8,741.52 | - | 9,540.56 | 9,540.56 |
| Deferred tax assets (net) | - | 29,797.99 | 29,797.99 | - | 10,398.31 | 10,398.31 |
| Property, plant and equipment | - | 12,404.23 | 12,404.23 | - | 15,451.77 | 15,451.77 |
| Intangible assets under development | - | 18.15 | 18.15 | - | 553.48 | 553.48 |
| Other intangible assets | - | 1,769.00 | 1,769.00 | - | 1,546.02 | 1,546.02 |
| Right to use assets | 747.14 | 2,218.38 | 2,965.52 | 1,352.37 | 3,769.87 | 5,122.24 |
| Other non-financial assets | 2,722.48 | 406.55 | 3,129.03 | 3,545.18 | 195.75 | 3,740.93 |
| **Total Non-financial assets** | **3,469.62** | **55,355.82** | **58,825.44** | **4,897.55** | **41,455.76** | **46,353.31** |
| **Total assets** | **422,927.40** | **611,272.20** | **1,034,199.60** | **484,994.48** | **810,525.79** | **1,295,520.27** |
| LIABILITIES | | | | | | |
| **Financial liabilities** | | | | | | |
| Payables | 8,457.50 | - | 8,457.50 | 1,966.47 | - | 1,966.47 |
| Debt securities | 16,562.94 | 66,030.14 | 82,593.08 | - | 64,915.80 | 64,915.80 |
| Borrowings (other than debt securities) | 438,491.89 | 196,996.23 | 635,488.12 | 523,633.09 | 336,224.18 | 8,59,857.27 |
| Subordinated liabilities | 24,538.61 | 48,858.92 | 73,397.53 | 2,461.97 | 73,222.51 | 75,684.48 |
| Lease liability | 665.47 | 2,728.90 | 3,394.37 | 1,170.46 | 4,326.45 | 5,496.91 |
| Other financial liabilities | 25,191.52 | - | 25,191.52 | 27,127.87 | - | 27,127.87 |
| **Total financial liabilities** | **513,907.93** | **314,614.19** | **828,522.12** | **556,359.86** | **478,688.94** | **1,035,048.80** |
| **Non-Financial liabilities** | | | | | | |
| Current tax liabilities (net) | 943.56 | - | 943.56 | 1,435.17 | - | 1,435.17 |
| Provisions | 38.67 | 1,086.27 | 1,124.94 | 26.16 | 1,000.00 | 1,026.16 |
| Other non-financial liabilities | 9,352.48 | 50.09 | 9,402.57 | 6,406.54 | 72.35 | 6,478.89 |
| **Total Non-financial liabilities** | **10,334.71** | **1,136.36** | **11,471.07** | **7,867.87** | **1,072.35** | **8,940.22** |
| **Total Liabilities** | **524,242.64** | **315,750.55** | **839,993.19** | **564,227.73** | **479,761.29** | **1,043,989.02** |



## Note 39: Employee benefits

The Company operates the following post-employment plans -

i. **Defined contribution plan**

The contribution made to various statutory funds is recognised as expenses and included in Note 35 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss. The detail is as follows :

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Provident and Other Funds | 1,642.93 | 1,510.76 |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 39: Employee benefits *(contd.)*

ii. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Net defined benefit asset/(liability) | 300.67 | 34.29 |

A. Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below.

Expected contributions to gratuity plan for the year ending 31 March 2022 is ₹31.53 lacs.



B. Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/liability and its components:

| Particulars | Year ended 31 March 2021 | | | Year ended 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability |
| Balance at the beginning of the year | 2,481.38 | 2,515.67 | (34.29) | 2,047.71 | 2,201.13 | (153.42) |
| **Included in profit or loss** | | | | | | |
| Current service cost | 328.88 | - | 328.88 | 364.04 | - | 364.04 |
| Interest cost (income) | 153.99 | (166.79) | (12.80) | 144.33 | (176.35) | (32.02) |
| | **482.87** | **(166.79)** | **316.08** | **508.37** | **(176.35)** | **332.02** |
| **Included in other comprehensive income** | | | | | | |
| Remeasurements loss (gain) | | | | | | |
| – Actuarial loss (gain) arising from: | | | | | | |
| - demographic assumptions | - | - | - | (1.20) | - | (1.20) |
| - financial assumptions | (76.27) | - | (76.27) | 255.01 | - | 255.01 |
| - experience adjustment | (188.16) | - | (188.16) | (31.14) | - | (31.14) |
| – on plan assets | - | - | - | - | 100.26 | 100.26 |
| | **(264.43)** | **-** | **(264.43)** | **222.67** | **100.26** | **322.93** |
| **Other** | | | | | | |
| Contributions paid by the employer | - | 318.03 | (318.03) | - | 535.82 | (535.82) |
| Benefits paid | (310.36) | (310.36) | - | (297.37) | (297.37) | - |
| | **(310.36)** | **7.67** | **(318.03)** | **(297.37)** | **238.45** | **(535.82)** |
| **Balance at the end of the year** | **2,389.46** | **2,690.13** | **(300.67)** | **2,481.38** | **2,515.67** | **(34.29)** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 39: Employee benefits *(contd.)*

C. Plan assets

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Investment with Life insurance Corporation | 100% | 100% |

On an annual basis, an asset-liability matching is done whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Discount rate | 6.90% | 6.62% |
| Future salary growth | 5.00% | 5.00% |
| Withdrawal rate: | | |
| Upto 40 years | 4.20% | 4.20% |
| 40 years and above | Nil | Nil |
| Early retirement and disability: | | |
| 40-54 years | 1.80% | 1.80% |
| 55-57 years | 2.20% | 2.20% |
| Expected rate of return on plan assets | 6.62% | 7.60% |
| Mortality | IALM (2012-14) | IALM (2012-14) |

E. Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.25% movement) | 2,324.26 | 2,457.39 | 2,411.84 | 2,553.92 |
| Future salary growth (0.5% movement) | 2,530.12 | 2,258.85 | 2,631.28 | 2,342.51 |
| Withdrawal rate (2% movement) | 2,389.60 | 2,389.31 | 2,481.50 | 2,481.25 |
| Mortality rate (1% movement) | 2,389.60 | 2,389.31 | 2,481.50 | 2,481.25 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Expected maturity analysis of the defined benefit plans in future years

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| 1 year | 104.45 | 161.48 |
| Between 2-5 years | 461.56 | 460.34 |
| Between 6-10 years | 901.43 | 829.86 |
| Over 10 years | 4,551.45 | 4,701.30 |
| **Total** | **6,018.89** | **6,152.98** |

As at 31 March 2021, the weighted-average duration of the defined benefit obligation was 12.93 years (31 March 2020: 13.14 years ).

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 39: Employee benefits *(contd.)*

G. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

**Credit Risk:** If the scheme is insured and fully funded on Projected Unit Credit ('PUC') basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.

**Pay-as-you-go Risk:** For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.

**Discount Rate risk:** The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

**Liquidity Risk:** This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient assets/cash).

**Future Salary Increase Risk:** The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.

**Demographic Risk:** In the valuation of the liability certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the scheme cost.



**Regulatory Risk:** Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising accrual rate from 15/26 etc.)

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Amount recognised in statement of profit and loss** | | |
| Compensated absences | 349.02 | 390.11 |

## Note 40: Leases

The Company has adopted Ind AS 116 effective 01 April 2019, using the modified retrospective method. The Company has applied the Accounting Standard to its leases with the cumulative impact recognised on the date of initial application ie 01 April 2019. This has resulted in recognizing a right-of-use asset and a corresponding lease liability. The effect of the adoption is not significant to the profit for the period.

A. Lease in the capacity of Lessee

a) Nature : Leases considered here are taken for offices use, guesthouse and godown

b)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Amount recognised in statement of profit or loss** | | |
| 1) Depreciation on right to use assets (gross) | 1,042.63 | 1,502.96 |
| 2) Interest expense on lease liability | 251.71 | 642.39 |
| 3) Rent paid for leases which are not considered under IND AS 116 | 75.90 | 109.79 |
| 4) Income from Subletting right of use assets | - | - |
| **Other disclosures** | | |
| 5) Total cash outflow for leases | 1,240.15 | 1,770.69 |
| 6) Additions to right to use assets | 782.13 | 7,239.36 |
| 7) Carrying amount of right to use assets (refer note 14) | 2,965.52 | 5,122.24 |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 40: Leases *(contd.)*

| | Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| c) | Bifurcation of rent paid during the year | | |
| | - Principal | 988.44 | 1,128.30 |
| | - Interest | 251.71 | 642.39 |

**B. Lease in the capacity of Lessor**

a) Nature : Operating and finanace lease of Vehicles primarily to Corporate clients

b) Company manages the risk associated with any rights it retains in underlying assets as per the terms of the respective lease contracts. There is a dedicated team which manages this portfolio.

c) Future lease payments

At year end, the future lease receivables under finance leases are as follows:

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| 1st Year | 8,756.41 | 9,138.60 |
| 2nd Year | 6,340.38 | 7,287.45 |
| 3rd Year | 3,763.46 | 4,644.15 |
| 4th Year | 1,354.74 | 1,997.71 |
| 5th Year | 320.56 | 381.89 |
| More than 5 year | 1.90 | - |

At year end, the future lease receivables under operating leases are as follows:

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| 1st Year | 2,914.00 | 3,477.21 |
| 2nd Year | 1,978.80 | 2,535.97 |
| 3rd Year | 956.08 | 1,494.37 |
| 4th Year | 394.32 | 512.73 |
| 5th Year | 117.22 | 160.63 |
| More than 5 year | - | - |

d) Reconciliation - Finance lease

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Net investment in lease (carrying amount of Finance lease) | 17,104.06 | 19,285.19 |
| Unearned finance income | 3,433.39 | 4,164.61 |
| **Total lease payments** | **20,537.45** | **23,449.80** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 41: Earnings per share (EPS)

| Particulars | Units | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| a) (i) Weighted average number of equity shares for basic EPS | Nos | 269,552,784 | 269,394,955 |
| (ii) Effect of potential ordinary equity shares on employee stock options | Nos | 1,473,054 | 630,817 |
| (iii) Weighted average number of equity shares for diluted EPS | Nos | 271,025,838 | 270,025,772 |
| b) Net profit/ (loss) after tax | ₹ in Lacs | (57,836.08) | (1,001.08) |
| c) (i) Net (profit/ (loss) for equity shareholders for basic EPS | ₹ in Lacs | (57,836.08) | (1,001.08) |
| (ii) Net profit/ (loss) for equity shareholders for diluted EPS | ₹ in Lacs | (57,836.08) | (1,001.08) |
| d) (i) Earnings per share (Face value of ₹2/- per share) – basic | ₹ | (21.46) | (0.37) |
| (ii) Earnings per share (Face value of ₹2/- per share) – diluted | ₹ | (21.46) | (0.37) |

## Note 42: Share-based payments

A Description of share-based payment arrangements

The company instituted the Magma Employee Stock Option Plan (MESOP) in 2007 and Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014, which were approved by the Board of Directors and the shareholders of the Company.

MESOP, 2007

Under MESOP 2007, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors. The options generally vest in a graded manner and are exercisable within 3/4 years from the date of vesting. Following the sub-division of one equity share of the face value of ₹10/- each into five equity shares of the face value of ₹2/- each during the financial year ended 31 March 2011, the number of options increased from 1,000,000 to 5,000,000.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 92,000 options (31 March 2020: 1,103,711 options) under MESOP 2007 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹2/- each ).

MRSOP, 2014

Under MRSOP 2014, the Company provided for the creation and issue of 5,000,000 options, that would eventually convert into equity shares of ₹2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Board of Directors and at the exercise price of the face value of ₹2/- each. The options generally will vest in a graded manner and are exercisable within 3 years from the date of vesting.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 1,280,515 options (31 March 2020: Nil) under MRSOP 2014 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹2/- each).

B Measurement of Fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option of Magma Fincorp Limited was ₹46.28 (31 March 2020: ₹58.93).

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

| Particulars | Units | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| Fair value at grant date | ₹ | 14.41 - 146.98 | 14.41 - 146.98 |
| Share price at grant date | ₹ | 39.45 - 151.50 | 39.45 - 151.50 |
| Exercise price | ₹ | 2.00 - 120.00 | 2.00 - 120.00 |
| Expected volatility (weighted average volatility) | % | 39.83 - 53.05 | 39.83 - 49.99 |
| Expected life (expected weighted average life) | years | 2.38 - 5.21 | 2.38 - 5.21 |
| Expected dividends | % | 0.53 - 2.03 | 0.53 - 2.03 |
| Risk-free interest rate (based on government bonds) | % | 4.60 - 8.06 | 5.98 - 8.06 |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 42: Share-based payments *(contd.)*

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

During the previous year, the Nomination and Remuneration Committee of the Board of Directors through Resolution by circulation passed on 19 November 2019 has approved the change in the method of pricing of options. Some unexercised or unvested options granted earlier under the MESOP Plan 2007 have been repriced at market price as on the date of such change, i.e. ₹39.45/- for each option.

The incremental fair value due to modification of the exercise price ranges from ₹10.02 to ₹13.88.

The fair value of the options and the inputs used in the measurement of the fair values as on the date of modification are as follows:

| Particulars | Units | 31 March 2020 |
|---|---|---|
| Fair value | ₹ | 10.02 - 13.88 |
| Share price at grant date | ₹ | 39.45 |
| Exercise price | ₹ | 39.45 |
| Expected volatility (weighted average volatility) | % | 43.94 - 46.05 |
| Expected life (expected weighted average life) | years | 1.92 - 3.90 |
| Expected dividends | % | 2.03 |
| Risk-free interest rate (based on government bonds) | % | 5.47 - 5.88 |

C Reconciliation of outstanding share options

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

MESOP, 2007

| Particulars | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|
| | Number of share options | Wtd. Avg. price | Number of share options | Wtd. Avg. price |
| **Outstanding options at the beginning of the year** | **2,204,088** | **72.61** | **1,895,310** | **91.03** |
| Add: Granted during the year | 92,000 | 2.00 | 1,103,711 | 35.99 |
| Less: Exercised during the year | 101,400 | 2.00 | 191,076 | 13.46 |
| Less: Lapsed/forfeited during the year | 69,731 | 34.88 | 603,857 | 82.21 |
| **Outstanding options at the end of the year** | **2,124,957** | **74.16** | **2,204,088** | **72.61** |
| Options vested and exercisable at the end of the year | 1,107,867 | 36.31 | 531,056 | 37.58 |

The options outstanding at 31 March 2021 have an exercise price in the range of ₹2 to ₹60 (31 March 2020: ₹2 to ₹60) and a weighted average remaining contractual life of 1.2 years (31 March 2020: 1.5 years).

The weighted average share price at the date of exercise for share options exercised in 2020-21 was ₹36.69 (2019-20: ₹68.44).

MRSOP 2014

| Particulars | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|
| | Number of share options | Wtd. Avg. price | Number of share options | Wtd. Avg. price |
| **Outstanding options at the beginning of the year** | **300,000** | **100.00** | **600,000** | **100.00** |
| Add: Granted during the year | 1,280,515 | 38.21 | - | - |
| Less: Lapsed/forfeited during the year | - | - | 300,000 | 100.00 |
| **Outstanding options at the end of the year** | **1,580,515** | **49.94** | **300,000** | **100.00** |
| Options vested and exercisable at the end of the year | - | - | - | - |

The options outstanding at 31 March 2021 have an exercise price in the range of ₹38.21 to ₹100 (31 March 2020: ₹100) and a weighted average remaining contractual life of 1.61 years (31 March 2020: 1.56 years).

No options were exercised during the year FY 20-21 and FY 19-20.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 42: Share-based payments *(contd.)*

D Equity shares reserved for issue under options

| Particulars | No. of options granted | Exercise price (₹) | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|---|---|
| | | | No. of options | Amount | No. of options | Amount |
| **Under MESOP 2007:** | | | | | | |
| Tranche VI | 50,000 | 60.00 | 10,000 | 0.20 | 20,000 | 0.40 |
| Tranche XIII | 225,000 | 100.00 | - | - | - | - |
| Tranche XIV | 90,000 | 120.00 | - | - | - | - |
| Tranche XV | 75,000 | 120.00 | - | - | - | - |
| Tranche XVI A | 726,083 | 39.45 | 400,411 | 8.01 | 400,411 | 8.01 |
| Tranche XVI B | 322,000 | 2.00 | 56,400 | 1.13 | 158,000 | 3.16 |
| Tranche XVII | 8,000 | 2.00 | 2,800 | 0.06 | 2,800 | 0.06 |
| Tranche XVIII | 6,000 | 2.00 | - | - | 2,400 | 0.05 |
| Tranche XIX | 60,000 | 39.45 | 60,000 | 1.20 | 60,000 | 1.20 |
| Tranche XX | 30,000 | 39.45 | 30,000 | 0.60 | 30,000 | 0.60 |
| Tranche XXI | 100,000 | 39.45 | 100,000 | 2.00 | 100,000 | 2.00 |
| Tranche XXII | 44,000 | 2.00 | 25,600 | 0.51 | 31,000 | 0.62 |
| Tranche XXIII | 9,000 | 39.45 | 9,000 | 0.18 | 9,000 | 0.18 |
| Tranche XXIV A | 125,000 | 39.45 | 125,000 | 2.50 | 125,000 | 2.50 |
| Tranche XXIV B | 175,000 | 39.45 | 175,000 | 3.50 | 175,000 | 3.50 |
| Tranche XXV | 1,001,711 | 39.45 | 942,746 | 18.85 | 988,477 | 19.77 |
| Tranche XXVI | 102,000 | 2.00 | 96,000 | 1.92 | 102,000 | 2.04 |
| Tranche XXVII | 92,000 | 2.00 | 92,000 | 1.84 | - | - |
| **Under MRSOP 2014:** | | | | | | |
| Tranche I (D) | 300,000 | 100.00 | 300,000 | 6.00 | 300,000 | 6.00 |
| Tranche II | 1,263,495 | 38.21 | 1,263,495 | 25.27 | - | - |
| Tranche II (A) | 17,020 | 38.21 | 17,020 | 0.34 | - | - |



## Note 43: Related parties

(i) Name of related parties and description of relationship:

A

| Names of the Related parties where control exists | Nature of Relationship |
|---|---|
| Magma Housing Finance Limited | Subsidiary Company |

B

| Joint Venture | |
|---|---|
| Magma HDI General Insurance Company Limited | |
| Jaguar Advisory Services Private Limited | |

C

| Key Managerial Personnel ('KMP') | Nature of Relationship |
|---|---|
| Mr. Mayank Poddar | Chairman Emeritus and Whole Time Director (upto 07 November 2020) |
| Mr. Sanjay Chamria | Vice Chairman and Managing Director |
| Mr. Kailash Baheti | Chief Financial Officer |
| Mrs. Shabnum Zaman | Company Secretary |

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 43: Related parties *(contd.)*

| | Directors | Nature of Relationship |
|---|---|---|
| D | Mr. Narayan K Seshadri | Chairman and Independent Director (upto 31 August 2020) |
| | Mr. Mayank Poddar | Non Executive Director (w.e.f. 8 November 2020) |
| | Mr. Satyabrata Ganguly | Independent Director (upto 24 September 2019) |
| | Ms. Madhumita Dutta-Sen | Director (Upto 15 May 2019) |
| | Mr. V K Viswanathan | Independent Director ( Upto 8 February 2021) |
| | Mrs. Vijayalakshmi R Iyer | Independent Director (w.e.f. 31 January 2019) |
| | Mr. Sunil Rewachand Chandiramani | Independent Director (w.e.f. 10 December 2019) |
| | Mr. Bontha Prasada Rao | Independent Director (w.e.f. 10 December 2019) |

| | Private Company in which KMP/Director or his relative is Member or Director | |
|---|---|---|
| E | Celica Developers Private Limited | |
| | Microfirm Capital Private Limited | |
| | Magma Consumer Finance Private Limited | |

| | Relatives of Directors / KMP | |
|---|---|---|
| F | Harshvardhan Chamria | |
| | Mayank Poddar H U F | |
| | Kalpana Poddar | |
| | Ashita Poddar | |
| | Bimla Devi Baheti | |
| | Shashi Baheti | |
| | Apoorva Baheti | |
| | Ankita Baheti | |
| | Kailash Baheti HUF | |
| | Mansi Poddar | |
| | Shaili Poddar | |
| | Adarsh Tulshan | |
| | Sanjay Chamria (HUF) | |
| | Banwarilal Chamria and Others (HUF) | |

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

| Name of related party | Nature of transaction | Transaction value for the year ended 31 March 2021 | Outstanding amount as at 31 March 2021 | Transaction value for the year ended 31 March 2020 | Outstanding amount as at 31 March 2020 |
|---|---|---|---|---|---|
| A) Subsidiary | | | | | |
| Magma Housing Finance Limited | Cost allocation made* | 1,262.39 | - | 1,163.50 | - |
| | Investment in equity shares | - | 31,970.94 | 10,000.00 | 31,970.94 |
| | Long-term loans and advances given | - | - | 57,000.00 | - |
| | Refund of long-term loans and advances given | - | - | 57,000.00 | - |
| | Direct assignment purchase | - | - | 22,946.51 | - |
| | Direct assignment servicing fees paid | 34.51 | 2.26 | 36.67 | 2.72 |
| | Interest income | - | - | 683.87 | - |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 43: Related parties *(contd.)*

| Name of related party | Nature of transaction | Transaction value for the year ended 31 March 2021 | Outstanding amount as at 31 March 2021 | Transaction value for the year ended 31 March 2020 | Outstanding amount as at 31 March 2020 |
|---|---|---|---|---|---|
| **B) Joint venture** | | | | | |
| 1 Magma HDI General Insurance Company Limited | Investment in equity shares | - | 10,917.91 | - | 8,267.87 |
| | Share Application money paid ** | - | - | 2,650.04 | 2,650.04 |
| | Short-term loans and advances given | 13,358.16 | 431.99 | 19,973.13 | 833.90 |
| | Refund / adjustment of short-term loans and advances given | 13,760.07 | - | 19,987.62 | - |
| | Claims received | 5.92 | - | 1.66 | - |
| | Insurance commission income | 1,234.54 | 68.27 | 1,710.10 | 67.82 |
| | Insurance premium paid | 118.22 | - | 11.91 | - |
| | Subscription to public issue of NCD | - | 7,500.00 | 7,500.00 | 7,500.00 |
| | Interest accrued but not due on NCD | 787.29 | 711.99 | 712.19 | 712.19 |
| | Interest Paid on NCD | 787.50 | - | - | - |
| 2 Jaguar Advisory Services Private Limited | Investment in equity shares | - | 2.20 | - | 2.20 |
| **C) Private Company in which director is member or director** | | | | | |
| 1 Celica Developers Private Limited | Security Deposit refund *** | - | - | 163.05 | - |
| | Equity dividend paid | - | - | 235.48 | - |
| 2 Magma Consumer Finance Private Limited | Subscription to public issue of NCD | - | 8.68 | - | - |
| | Interest accrued but not due on NCD | - | 0.72 | - | - |
| | Interest Paid on NCD | 0.27 | - | - | - |
| | Equity dividend paid | - | - | 14.56 | - |
| 3 Microfirm Capital Private Limited | Equity dividend paid | - | - | 272.13 | - |
| **D) Key Managerial Personnel** | | | | | |
| 1 Mr. Mayank Poddar | Director's remuneration | 112.71 | - | 168.40 | - |
| | Refund received of earlier year Remuneration # | 136.27 | - | - | - |
| | Mediclaim premium paid recoverable # # | 0.08 | - | - | - |
| 2 Mr. Sanjay Chamria | Director's remuneration | 224.40 | - | 224.40 | - |
| | Refund received of earlier year Remuneration # | 181.58 | - | - | - |
| | Mediclaim premium paid recoverable # # | 0.08 | - | - | - |
| 3 Mr. Kailash Baheti | Salary | 217.25 | - | 213.18 | - |
| | Subscription to public issue of NCD | - | 10.00 | 10.00 | 10.00 |
| | Interest accrued but not due on NCD | 0.98 | 1.86 | 0.89 | 0.89 |
| | Mediclaim premium paid recoverable # # | 0.08 | - | - | - |
| | Equity dividend paid | - | - | 0.40 | - |
| 4 Mrs. Shabnum Zaman | Salary | 27.42 | - | 27.55 | - |
| | Mediclaim premium paid recoverable # # | 0.06 | - | - | - |
| **E) Directors** | | | | | |
| 1 Mr. Narayan K Seshadri | Sitting fees | 15.00 | - | 18.00 | - |
| 2 Mr. Mayank Poddar | Sitting fees | 8.00 | - | - | - |
| 3 Mr. Satya Brata Ganguly | Sitting fees | - | - | 8.80 | - |
| 4 Mr. V K Viswanathan | Sitting fees | 27.00 | - | 18.00 | - |
| | Equity dividend paid | - | - | 0.01 | - |
| 5 Mrs. Madhumita Dutta-Sen | Sitting fees | - | - | 1.00 | - |
| 6 Mr. Sunil Rewachand Chandiramani | Sitting fees | 32.10 | - | 3.30 | - |
| 7 Mrs. Vijayalakshmi R Iyer | Sitting fees | 32.10 | - | 19.00 | - |
| 8 Mr. Bontha Prasada Rao | Sitting fees | 16.20 | - | - | - |

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 43: Related parties *(contd.)*

| Name of related party | Nature of transaction | Transaction value for the year ended 31 March 2021 | Outstanding amount as at 31 March 2021 | Transaction value for the year ended 31 March 2020 | Outstanding amount as at 31 March 2020 |
|---|---|---|---|---|---|
| F) Other related parties | | | | | |
| 1 Mr. Harshvardhan Chamria | Salary | 118.46 | - | 118.05 | - |
| | Mediclaim premium paid recoverable # # | 0.08 | - | - | - |
| 2 Mayank Poddar H U F | Rent expense | 11.19 | - | 11.19 | - |
| | Advances given / Prepaid Rent *** | - | 4.64 | 4.73 | 4.69 |
| 3 Kalpana Poddar | Rent expense | 22.38 | - | 22.38 | - |
| | Advances given / Prepaid Rent *** | - | 9.29 | 9.47 | 9.38 |
| | Equity dividend paid | - | - | 0.44 | - |
| 4 Ashita Poddar | Rent expense | 11.19 | - | 11.19 | - |
| | Advances given / Prepaid Rent *** | - | 4.64 | 4.73 | 4.69 |
| | Equity dividend paid | - | - | 0.13 | - |
| 5 Bimla Devi Baheti | Subscription to public issue of NCD | - | 10.00 | 10.00 | 10.00 |
| | Interest accrued but not due on NCD | 0.98 | 1.86 | 0.89 | 0.89 |
| 6 Shashi Baheti | Subscription to public issue of NCD | - | 10.00 | 10.00 | 10.00 |
| | Interest accrued but not due on NCD | 0.98 | 1.86 | 0.89 | 0.89 |
| 7 Apoorva Baheti | Subscription to public issue of NCD | - | 10.00 | 10.00 | 10.00 |
| | Interest accrued but not due on NCD | 0.98 | 1.86 | 0.89 | 0.89 |
| 8 Ankita Baheti | Subscription to public issue of NCD | - | 10.00 | 10.00 | 10.00 |
| | Interest accrued but not due on NCD | 0.98 | 1.86 | 0.89 | 0.89 |
| 9 Kailash baheti HUF | Subscription to public issue of NCD | - | 10.00 | 10.00 | 10.00 |
| | Interest accrued but not due on NCD | 0.98 | 1.86 | 0.89 | 0.89 |
| 10 Mansi Poddar | Equity dividend paid | - | - | 2.28 | - |
| 11 Shaili Poddar | Equity dividend paid | - | - | 1.00 | - |
| 12 Adarsh Tulshan | Equity dividend paid | - | - | 0.04 | - |
| 13 Sanjay Chamria (HUF) | Subscription to public issue of NCD | - | 25.00 | 25.00 | 25.00 |
| | Interest accrued but not due on NCD | 2.56 | 2.32 | 2.32 | 2.32 |
| | Interest Paid on NCD | 2.56 | - | - | - |
| 14 Banwarilal Chamria and Others(HUF) | Subscription to public issue of NCD | - | 25.00 | 25.00 | 25.00 |
| | Interest accrued but not due on NCD | 2.56 | 2.32 | 2.32 | 2.32 |
| | Interest Paid on NCD | 2.56 | - | - | - |



Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

* represents expenses recovered towards infrastructural support, operational assistance and other services.

** The equity shares were alloted on 28 April 2020 by Magma HDI.

*** includes the impact of fair valuation of security deposits.

# The remuneration paid to KMP for the Financial Year 2019-20 had exceeded the limit specified under Regulation 17(6) (e) of the SEBI regulations. Since, resolution for payment of excess remuneration was not passed with requisite majority, the same has been reversed by the Company during the quarter ended 30 September 2020.The KMP has repaid the outstanding amount in 3rd quarter of FY 21 net of adjustment of TDS.

# # Mediclaim Paid includes recoverable portion of Top up Insurance with MHDI.

Note :

Pursuant to loss due to additional provision for COVID-19,the existing managerial remuneration paid by the Company to its Whole Time Director (upto 7 November 2020) and the Vice Chairman and Managing Director of the Company for the financial year ended 31 March 2021, being in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹ NIL and ₹49.93 Lacs for Whole Time Director and Vice Chairman and Managing Director respectively and in excess of limit prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by ₹112.71 lacs and ₹224.40 lacs for Whole Time Director and Vice Chairman and Managing Director respectively. The Company is in process of obtaining approval from its shareholders vide special resolution at the forthcoming annual general meeting for such excess remuneration paid. The Company is reasonably certain of getting the required approval.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 43: Related parties *(contd.)*

(iii) Compensation of key managerial personnel

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Short-term employee benefits | 571.49 | 621.95 |
| Post-employment defined benefit* | 10.29 | 11.58 |
| Share-based payments | - | - |
| | **581.78** | **633.53** |

*Excludes provision for encashable leave and gratuity for certain key management personnel as these are determined for the Company as a whole.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis. Outstanding amount as at the end of the year, in respect of loan and advances are unsecured and to be settled in cash and / or adjusted against goods or services.

## Note 44: Contingent liability

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

a) Contingent liabilities

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Claims against the Company not acknowledged as debt | | |
| i) Income tax matters under dispute | 147.48 | 122.33 |
| ii) VAT and GST matters under dispute | 288.12 | 522.05 |
| iii) Service tax matters under dispute | 293.89 | 392.51 |
| iv) Legal cases against the Company * | 172.42 | 201.70 |

* The Company is also involved in other law suits, claims, investigations and proceedings, including collection and repossession related matters, which arise in the ordinary course of business. However, there are no significant claims on such cases. Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities.

b) Commitments

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 133.02 | 160.99 |

c) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision has been created.

d) The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at year end, the Company does not have any long term contracts (including derivative contracts) for which there were material foreseeable losses.

2) Others

a) Commissioner of service tax had issued a show cause notice in respect of the financial years 2002-03 to 2006-07 on 16 October 2007 and the matter was adjudicated vide Order dated 31 March 2009, confirming the service tax liability at ₹464 lacs plus interest and penalty against which ₹404 lacs was paid and charged to the statement of profit and loss in earlier years. Both, the Company and the Department had gone into appeal in CESTAT against the order. Finally, in July 2017, order has been passed by Calcutta High Court where in Company's appeal has been allowed except for ₹93 lacs. Accordingly, the Company has filed application seeking refund of balance amount of ₹311 lacs from Department which has been rejected by the Department. However, as per the Department there is an interpretation issue in the Order and accordingly they have raised a Demand of ₹618.03 lacs plus interest. The Company has filed a writ petition in Calcutta High Court wherein it has challenged the rejection of refund application and recovery of demand. The Company

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 44: Contingent liability *(contd.)*

has furnished Fixed Deposit with State Bank of India amounting to ₹619 lacs under the legal advice. There is a stay on the recovery proceedings till the disposal of the writ petition.

b) Fringe benefit tax had been levied on fringe benefit provided to employees as per Section 115W of the Income Tax Act, 1961. The Company had filed a writ petition before the Hon'ble High Court of Calcutta. The writ petition was dismissed by the Hon'ble High Court of Calcutta. The Company has filed an appeal against the order in the Division Bench of the Hon'ble High Court of Calcutta which has been admitted and next hearing is awaited. However, basis prudence, the Company has made a provision for the same amounting to ₹458.08 lacs as at 31 March 2021 (31 March 2020 ₹437.28 lacs).

c) On February 28, 2019, the Supreme Court of India held that allowances paid by establishments to its employees which meet the test of universality should be considered as 'basic wages' while computing provident fund amounts for employees whose basic wages is less than statutory thresholds. On evaluation of the impact of the aforesaid judgement, the Management is of the view that no material additional liability would arise on account of the same.

d) In respect of a regulatory matter pertaining to the capital raise in the year 2012, the JV company, MHDI had received a show cause notice from the authorities and pursuant to it, the Company and its promoter entity, Celica Developers Private Limited (Celica) have agreed to indemnify investor(s) in MHDI to protect their proportionate interests in the event of any levy of penalty/fine on MHDI. The Company and Celica have executed an inter se indemnity agreement for sharing of pay out, if any, arising from the indemnity provided.

Based on the legal opinion obtained by MHDI, Management is of the view that the chances of any liability arising are remote. Consequently, chances of the inter se indemnity getting invoked is also considered remote.

## Note 45: Transfers of financial assets

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS.



The Company transfers financial assets that are not derecognised in their entirety are primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

Transferred financial assets that are not derecognised in their entirety

Securitisation

Certain loans to customers are sold by the Company to securitisation special purpose vehicles, which in turn issue Pass Through Certificates ('PTC') to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans to an unconsolidated securitisation vehicle, however it retains credit risk (principally by providing credit enhancement). The Company retains substantial risks and rewards of such loan transferred and accordingly, does not derecognise the loans transferred in its entirety and recognises an associated liability for the consideration received.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

| Particulars | Financial assets at fair value through other comprehensive income | Financial assets at amortised cost |
|---|---|---|
| | Loans to customers | Loans to customers |
| As at 31 March 2021 | | |
| Assets | | |
| Securitisation | 77.18 | 222,508.18 |
| **Carrying amount of assets** | **77.18** | **222,508.18** |
| Associated liabilities | | |
| Loans from PTC Investors | - | 192,382.10 |
| **Carrying amount of associated liabilities** | - | **192,382.10** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 45: Transfers of financial assets *(contd.)*

| Particulars | Financial assets at fair value through other comprehensive income | Financial assets at amortised cost |
|---|---|---|
| | Loans to customers | Loans to customers |
| For those liabilities that have recourse only to the transferred financial assets | | |
| Assets | | |
| Securitisation | 77.18 | 222,508.18 |
| **Fair value of assets** | **77.18** | **222,508.18** |
| Associated liabilities | | |
| Loans from PTC Investors | - | 195,539.86 |
| **Fair value of associated liabilities** | **-** | **195,539.86** |

| Particulars | Financial assets at fair value through other comprehensive income | Financial assets at amortised cost |
|---|---|---|
| | Loans to customers | Loans to customers |
| As at 31 March 2020 | | |
| Assets | | |
| Securitisation | 12,909.62 | 334,542.77 |
| **Carrying amount of assets** | **12,909.62** | **334,542.77** |
| Associated liabilities | | |
| Loans from PTC Investors | 12,946.93 | 314,115.21 |
| **Carrying amount of associated liabilities** | **12,946.93** | **314,115.21** |
| For those liabilities that have recourse only to the transferred financial assets | | |
| Assets | | |
| Securitisation | 12,869.21 | 332,392.81 |
| **Fair value of assets** | **12,869.21** | **332,392.81** |
| Associated liabilities | | |
| Loans from PTC Investors | 13,020.79 | 317,933.50 |
| **Fair value of associated liabilities** | **13,020.79** | **317,933.50** |

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 46: Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities.

| Particulars | As at 31 March 2021 | | | |
|---|---|---|---|---|
| | Others | FVTPL | FVTOCI | Amortised cost |
| **Financial assets:** | | | | |
| Cash and cash equivalents | - | - | - | 26,509.45 |
| Bank balance other than cash and cash equivalents | - | - | - | 34,732.74 |
| Receivables | - | - | - | 1,291.57 |
| Loans | - | - | 172,082.47 | 684,448.90 |
| Other investment | - | 0.99 | - | 0.16 |
| Investments in subsidiary and joint venture | 42,891.05 | - | - | - |
| Other financial assets | - | 2,521.36 | - | 10,895.47 |
| | **42,891.05** | **2,522.35** | **172,082.47** | **757,878.29** |
| **Financial liabilities:** | | | | |
| Payables | - | - | - | 8,457.50 |
| Debt securities | - | - | - | 82,593.08 |
| Borrowings (other than debt securities) | - | - | - | 635,488.12 |
| Subordinated liabilities | - | - | - | 73,397.53 |
| Lease liability | - | - | - | 3,394.37 |
| Other financial liabilities | - | - | - | 25,191.52 |
| | - | - | - | **828,522.12** |

| Particulars | As at 31 March 2020 | | | |
|---|---|---|---|---|
| | Others | FVTPL | FVTOCI | Amortised cost |
| **Financial assets:** | | | | |
| Cash and cash equivalents | - | - | - | 20,485.66 |
| Bank balance other than cash and cash equivalents | - | - | - | 44,350.78 |
| Receivables | - | - | - | 991.41 |
| Loans | - | - | 215,607.60 | 901,883.70 |
| Other investment | - | 0.99 | - | 0.16 |
| Investments in subsidiary and joint venture | 40,241.01 | - | - | - |
| Other financial assets | - | 3,083.42 | - | 22,522.23 |
| | **40,241.01** | **3,084.41** | **215,607.60** | **990,233.94** |
| **Financial liabilities:** | | | | |
| Payables | - | - | - | 1,966.47 |
| Debt securities | - | - | - | 64,915.80 |
| Borrowings (other than debt securities) | - | - | - | 859,857.27 |
| Subordinated liabilities | - | - | - | 75,684.48 |
| Lease liability | - | - | - | 5,496.91 |
| Other financial liabilities | - | - | - | 27,127.87 |
| | - | - | - | **1,035,048.80** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 46: Financial instruments - fair value and risk management *(contd.)*

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

| As at 31 March 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Loans | - | - | 172,082.47 | 172,082.47 |
| Other investment | - | 0.99 | - | 0.99 |
| Other financial assets | - | 2,521.36 | - | 2,521.36 |
| | - | **2,522.35** | **172,082.47** | **174,604.82** |

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| As at 31 March 2021 | Amortised cost | Fair Value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| **Financial assets:** | | | | | | |
| Bank balance other than cash and cash equivalents | 34,732.74 | 34,740.22 | - | 34,740.22 | - | 34,740.22 |
| Loans | 684,448.90 | 684,222.25 | - | - | 684,222.25 | 684,222.25 |
| Other investments | 0.16 | 0.16 | - | 0.16 | - | 0.16 |
| Other financial assets | 10,895.47 | 10,895.47 | - | 10,895.47 | - | 10,895.47 |
| | **730,077.27** | **729,858.10** | - | **45,635.85** | **684,222.25** | **729,858.10** |
| **Financial liabilities:** | | | | | | |
| Debt securities | 82,593.08 | 87,748.28 | - | 87,748.28 | - | 87,748.28 |
| Borrowings (other than debt securities) | 635,488.12 | 639,008.20 | - | 639,008.20 | - | 639,008.20 |
| Subordinated liabilities | 73,397.53 | 76,016.46 | - | 76,016.46 | - | 76,016.46 |
| Lease liability | 3,394.37 | 3,394.37 | - | 3,394.37 | - | 3,394.37 |
| Other financial liabilities | 25,191.52 | 25,191.52 | - | 25,191.52 | - | 25,191.52 |
| | **820,064.62** | **831,358.83** | - | **831,358.83** | - | **831,358.83** |



Financial assets and liabilities measured at fair value - recurring fair value measurements

| As at 31 March 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Loans | - | - | 215,607.60 | 215,607.60 |
| Other investment | - | 0.99 | - | 0.99 |
| Other financial assets | - | 3,083.42 | - | 3,083.42 |
| | - | **3,084.41** | **215,607.60** | **218,692.01** |

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| As at 31 March 2020 | Amortised cost | Fair Value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| **Financial assets:** | | | | | | |
| Bank balance other than cash and cash equivalents | 44,350.78 | 44,418.48 | - | 44,418.48 | - | 44,418.48 |
| Loans | 901,883.70 | 897,801.62 | - | - | 897,801.62 | 897,801.62 |
| Other investments | 0.16 | 0.16 | - | 0.16 | - | 0.16 |
| Other financial assets | 22,522.23 | 22,522.23 | - | 22,522.23 | - | 22,522.23 |
| | **968,756.87** | **964,742.49** | - | **66,940.87** | **897,801.62** | **964,742.49** |
| **Financial liabilities:** | | | | | | |
| Debt securities | 64,915.80 | 67,829.24 | - | 67,829.24 | - | 67,829.24 |
| Borrowings (other than debt securities) | 859,857.27 | 864,004.14 | - | 864,004.14 | - | 864,004.14 |
| Subordinated liabilities | 75,684.48 | 75,986.35 | - | 75,986.35 | - | 75,986.35 |
| Lease liability | 5,496.91 | 5,496.91 | - | 5,496.91 | - | 5,496.91 |
| Other financial liabilities | 27,127.87 | 27,127.87 | - | 27,127.87 | - | 27,127.87 |
| | **1,033,082.33** | **1,040,444.51** | - | **1,040,444.51** | - | **1,040,444.51** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 46: Financial instruments - fair value and risk management *(contd.)*

### Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash in hand, balances with other banks, receivables, payables and certain other financial assets and liabilities, with maturities less than a year from the balance sheet date. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

### C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

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

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximise the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

### Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

| Type | Valuation technique | Significant unobservable input | Inter-relationship between significant unobservable inputs and fair value and sensitivity |
|---|---|---|---|
| Financial assets and liabilities measured at amortised cost | Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates. | Not applicable | Not applicable |
| Financial assets and liabilities measured at FVOCI | Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates. | The discount rate is the average lending rate at which the loans are disbursed. | There is an inverse correlation. Higher the discount rate i.e average lending rate for the disbursed loans, lower the fair value of the assets. |
| Financial assets measured at FVTPL | Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method. | Not applicable | Not applicable |
| Investment | Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method. | Not applicable | Not applicable |
| Derivative instruments | Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates that reflects the credit risk of various parties. | Not applicable | Not applicable |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 46: Financial instruments - fair value and risk management *(contd.)*

D. Movement in Level 3 financial instruments measured at fair value

| Particulars | As at 1 April 2020 | Purchase / origination | Sales / run-off | Transfer into Level 3 | Interest income | Other Comprehensive Income | As at 31 March 2021 |
|---|---|---|---|---|---|---|---|
| Financial instruments at FVOCI* | 228,563.69 | 61,202.99 | 134,003.36 | - | 34,555.16 | 128.66 | 190,447.14 |

| Particulars | As at 1 April 2019 | Purchase / origination | Sales / run-off | Transfer into Level 3 | Interest income | Other Comprehensive Income | As at 31 March 2020 |
|---|---|---|---|---|---|---|---|
| Financial instruments at FVOCI* | 249,243,33 | 112,434.05 | 195,467.89 | 22,309.63 | 40,496.70 | (452.13) | 228,563.69 |

* The above numbers are gross carrying amount. Refer Note 47

## Note 47: Financial risk management

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

i Risk management framework

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

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

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

ii Credit risk

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

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

a) Credit risk management

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

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

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

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by type of product or borrower as well as by DPD.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

The Company employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: upside (0%), downside (32%) and base (68%). These weightage has been decided on best practices and expert's judgement. Weight of downside has been increased from 16% to 32% and that of upside reduced from 16% to 0% to make additional provision on account of COVID -19 scenario.

c) Definition of default

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

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

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

d) Exposure at default (EAD)

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

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

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios.

e) Loss given default (LGD)

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

f) Discounting

ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortised cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

receivable progressing through successive stages of delinquency to write-off. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

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

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

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

h) Expected Credit Loss on Loans

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

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

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

Forward looking information

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

As per the Company's assessment, due to COVID-19 wave 2, the Company is expected to evidence the stress in repayments during quarters ending 30 June 2021 and 30 September 2021 and thereafter gradual improvement from quarter ending 31 December 21 with resumption of normalcy during quarter ended 31 March 2022. ECL provision calculated as per ECL the model may not be enough to take care of the additional losses and hence Company has created additional ECL provision in form of Management overlay. The overlay is computed based on stressing of cash flows as on 31 March 2021 based on expected recovery pattern in the form of 'Roll Forward' and 'Roll Back' trends during year ending 31 March 2022.

Stage 3 Assets vs GNPA NNPA as per RBI framework

Stage 3 assets as at 31 March 2021, includes restructured loan where assets are considered as credit impaired whereas for the limited purpose of regulatory disclosures based on dispensation given by RBI, the same has been considered as standard assets. The restructured assets have been provided for accordingly under Ind AS.

Similarly, Stage 2 assets as at 31 March 2021 includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as Sub - Standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

Further, Stage 1 and 2 assets as at 31 March 2021 also includes assets which are disbursed during moratorium period ie from 1st March 20 to 1st August 20 or were NPA as on 29 Feb 2020 and moratorium was provided to them under RBI notification dated 27 March 2020 and 17 April 2020. For the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring, the same has been considered as sub-standard assets. The restructured assets have been provided as per Ind AS.

Policy on write off of loan assets

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit or loss on actual realization from customer.

i) COVID-19

COVID-19 Wave 1:

In accordance with the Reserve Bank of India (RBI) COVID-19 Regulatory Package announced on March 27, 2020, April 17, 2020 and May 23, 2020 and the Board approved moratorium policy, the Company offered moratorium on payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers as per the Company's policy. For all loans where moratorium was availed by the borrowers, the Company had kept ageing of such loans and their asset classification at standstill during the moratorium period. The Company's business was adversely impacted during the period of lockdown in March-June 2020 period, and the impact continued for some time even subsequently.

There was an adverse impact of COVID-19 on the credit loss incurred by the Company for the year ended March 2021. This being first such incident, the impact was additionally factored in our books of accounts by stressing the Expected Credit Loss (ECL) parameters, where required.

COVID-19 Wave 2:

The COVID-19 wave 2 induced significant rise in infections and tragic loss of human lives, resulting in lockdowns that have caused disturbance in the overall operations at beginning of the new financial year. The impact has spread in hinterland tier towns and impacted the collections from the customers, once again disturbing the operations of the Company significantly.

The Company estimates that impact of COVID-19 wave 2 and resultant lockdowns shall lead to higher credit losses. Unlike moratorium, the management expects muted response to the restructuring guidelines announced by the Reserve Bank of India on May 6, 2021 as its implementation would require physical connect with the customers, which is not feasible until the lockdowns are lifted. This will result in forward flow of the loan book to higher buckets in future and will thereafter take time to return to normalcy leading to significant increase in credit risk.

In view of above, the management on a prudent basis decided to implement a stricter write off policy of NPA accounts and also provide additionally as on 31 March, 2021 for credit losses that are likely on account of the wave 2. Accordingly :

(a) The Company has moved to more stringent write off policy for its portfolio. For Asset backed finance portfolio, write-off has been advanced to 180+ days past due (dpd) against 730+ dpd earlier; on Unsecured SME portfolio the write off has been advanced to 90+ dpd against 450+ dpd earlier, and on mortgage portfolio the write off has been introduced at 730+ dpd. This has resulted in additional charge of ₹26,813.42 lacs during the year ended 31 March 2021. The recovery efforts would continue for the written off portfolio, and recoveries made will be credited to profit and loss account in the subsequent quarters in line with the applicable accounting policies.

(b) The Company has made an additional COVID-19 provision of ₹57,680.90 lacs as at 31 March 2021. The Company holds cumulative additional provision against the potential impact of COVID-19 to the tune of ₹66,342.52 lacs (₹10,924.41 lacs as on 31 March 2020) and basis management estimate is adequate to cover the impact of wave 2 of COVID-19 on the entire loan portfolio.

Had the Company not moved to more stringent write off and not taken the additional COVID-19 provision impact, the profit before tax and profit after tax for the year ended 31 March 2021 would have been ₹7,229.29 lacs and ₹5,392.71 lacs respectively.

Further, the underlying forecasts and assumptions applied by the Company in determination of ECL provision (including additional COVID-19 provision) are subject to uncertainties which are often outside the control of the Company and accordingly, actual results may differ from these estimates.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

| Particulars | Gross carrying amount | Weighted average loss rate | Loss allowance | Whether credit -impaired |
|---|---|---|---|---|
| As at 31 March 2021 | | | | |
| Current (not past due) | 534,586.93 | 3.29% | 17,591.98 | No |
| Upto 1 month overdue | 90,869.37 | 17.34% | 15,760.66 | No |
| More than 1 month and upto 2 months overdue | 63,710.48 | 23.53% | 14,993.14 | No |
| More than 2 month and upto 3 months overdue | 50,456.16 | 33.55% | 16,927.84 | No |
| More than 3 months overdue | 35,266.74 | 70.82% | 24,976.85 | Yes |
| | **774,889.68** | **11.65%** | **90,250.47** | |

| Particulars | Gross carrying amount | Weighted average loss rate | Loss allowance | Whether credit -impaired |
|---|---|---|---|---|
| As at 31 March 2020 | | | | |
| Current (not past due) | 672,644.22 | 1.01% | 6,822.37 | No |
| Upto 1 month overdue | 88,227.16 | 4.50% | 3,973.19 | No |
| More than 1 month and upto 2 months overdue | 66,039.24 | 8.61% | 5,683.18 | No |
| More than 2 month and upto 3 months overdue | 49,574.27 | 12.43% | 6,163.30 | No |
| More than 3 months overdue | 73,038.34 | 32.72% | 23,896.33 | Yes |
| | **949,523.23** | **4.90%** | **46,538.37** | |

Loans at fair value through OCI

| Particulars | Gross carrying amount | Weighted average loss rate | Loss allowance | Whether credit -impaired |
|---|---|---|---|---|
| As at 31 March 2021 | | | | |
| Current (not past due) | 155,053.76 | 3.05% | 4,732.35 | No |
| Upto 1 month overdue | 7,585.30 | 17.10% | 1,297.08 | No |
| More than 1 month and upto 2 months overdue | 10,637.73 | 32.49% | 3,456.22 | No |
| More than 2 month and upto 3 months overdue | 10,582.22 | 41.47% | 4,387.93 | No |
| More than 3 months overdue | 6,588.13 | 68.17% | 4,491.09 | Yes |
| | **190,447.14** | **9.64%** | **18,364.67** | |

| Particulars | Gross carrying amount | Weighted average loss rate | Loss allowance | Whether credit -impaired |
|---|---|---|---|---|
| As at 31 March 2020 | | | | |
| Current (not past due) | 191,778.03 | 0.76% | 1,458.43 | No |
| Upto 1 month overdue | 10,662.50 | 5.02% | 534.76 | No |
| More than 1 month and upto 2 months overdue | 4,854.61 | 15.17% | 736.41 | No |
| More than 2 month and upto 3 months overdue | 6,840.22 | 33.67% | 2,302.78 | No |
| More than 3 months overdue | 14,428.33 | 54.92% | 7,923.71 | Yes |
| | **228,563.69** | **5.67%** | **12,956.09** | |

Expected credit loss on trade receivables and other financial assets

Trade receivables primarily includes receivables against sale of power, support services and operating lease. These receivables are of short term nature and there has been no impairment allowance on the same. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Other financial asset are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and bank balance other than cash and cash equivalents

The Company holds cash and cash equivalents and bank balance of ₹61,242.19 lacs at 31 March 2021 (31 March 2020: ₹64,836.44 lacs). The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

Derivatives

The derivatives are entered into with bank and financial institution counterparties with sound credit ratings.

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

(i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

| Reconciliation of gross carrying amount | Stage 1 | Stage 2 | Stage 3 |
|---|---|---|---|
| **Gross carrying amount on 1 April 2019** | **941,414.90** | **120,960.99** | **57,622.72** |
| Transfer to Stage 1 | 14,868.05 | (14,046.91) | (821.14) |
| Transfer to Stage 2 | (93,378.11) | 94,927.95 | (1,549.84) |
| Transfer to Stage 3 | (29,466.55) | (31,287.26) | 60,753.81 |
| Transfer from Amortised cost to Fair value through OCI | (22,301.35) | (8.28) | 0.00 |
| New financial assets originated or purchased | 335,394.68 | 11,121.90 | 5,571.35 |
| Financial assets that have been derecognised / repaid | (380,774.95) | (61,616.98) | (25,828.49) |
| Write offs | (4,885.29) | (4,437.90) | (22,710.07) |
| **Gross carrying amount on 31 March 2020** | **760,871.38** | **115,613.51** | **73,038.34** |
| Transfer to Stage 1 | 31,928.37 | (28,820.55) | (3,107.82) |
| Transfer to Stage 2 | (71,669.76) | 76,008.56 | (4,338.80) |
| Transfer to Stage 3 | (17,411.29) | (13,142.40) | 30,553.69 |
| Transfer from Amortised cost to Fair value through OCI | - | - | - |
| New financial assets originated or purchased | 169,508.74 | 2,239.97 | 893.26 |
| Financial assets that have been derecognised / repaid | (240,780.48) | (24,569.21) | (18,044.50) |
| Write offs | (6,990.66) | (13,163.24) | (43,727.43) |
| **Gross carrying amount on 31 March 2021** | **625,456.30** | **114,166.64** | **35,266.74** |



Loans at fair value through OCI

| Reconciliation of gross carrying amount | Stage 1 | Stage 2 | Stage 3 |
|---|---|---|---|
| **Gross carrying amount on 1 April 2019** | **217,805.57** | **17,743.04** | **13,694.72** |
| Transfer to Stage 1 | 2,625.24 | (2,257.08) | (368.16) |
| Transfer to Stage 2 | (7,047.57) | 7,339.27 | (291.70) |
| Transfer to Stage 3 | (7,312.09) | (3,237.48) | 10,549.57 |
| Transfer from Amortised cost to Fair value through OCI | 22,301.35 | 8.28 | - |
| New financial assets originated or purchased | 109,702.50 | 2,356.65 | 374.90 |
| Financial assets that have been derecognised / repaid | (134,703.48) | (9,729.91) | (1,716.10) |
| Write offs | (930.99) | (527.94) | (7,814.90) |
| **Gross carrying amount on 31 March 2020** | **202,440.53** | **11,694.83** | **14,428.33** |
| Transfer to Stage 1 | 1,858.24 | (1,791.66) | (66.58) |
| Transfer to Stage 2 | (16,913.67) | 17,005.14 | (91.47) |
| Transfer to Stage 3 | (2,415.43) | (1,340.91) | 3,756.34 |
| Transfer from Amortised cost to Fair value through OCI | - | - | - |
| New financial assets originated or purchased | 60,638.47 | 255.33 | 309.19 |
| Financial assets that have been derecognised / repaid | (79,640.30) | (1,402.27) | 409.13 |
| Write offs | (3,328.78) | (3,200.51) | (12,156.81) |
| **Gross carrying amount on 31 March 2021** | **162,639.06** | **21,219.95** | **6,588.13** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

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

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

| Reconciliation of loss allowance | Loss allowance measured at 12 month expected losses | Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and not credit-impaired | Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and credit-impaired |
|---|---|---|---|
| **Loss allowance on 1 April 2019** | **9,566.72** | **10,878.33** | **19,298.50** |
| Transfer to Stage 1 | 1,432.33 | (1,165.22) | (267.11) |
| Transfer to Stage 2 | (1,558.77) | 2,053.72 | (494.95) |
| Transfer to Stage 3 | (532.69) | (3,015.27) | 3,547.96 |
| COVID-19 wave 2 additional provision | - | - | - |
| Transfer from Amortised cost to Fair value through OCI | (47.10) | (0.30) | - |
| New financial assets originated or purchased | 4,036.60 | 1,000.19 | 1,253.83 |
| Financial assets that have been derecognised / repaid | (1,772.98) | 3,288.44 | 10,781.47 |
| Write offs | (328.55) | (1,193.41) | (10,223.37) |
| **Loss allowance on 31 March 2020** | **10,795.56** | **11,846.48** | **23,896.33** |
| Transfer to Stage 1 | 3,405.90 | (2,695.53) | (710.37) |
| Transfer to Stage 2 | (1,643.57) | 2,911.64 | (1,268.07) |
| Transfer to Stage 3 | (389.10) | (1,478.19) | 1,867.29 |
| COVID-19 wave 2 additional provision | 22,088.70 | 18,009.10 | 8,330.40 |
| Transfer from Amortised cost to Fair value through OCI | - | - | - |
| New financial assets originated or purchased | 2,302.51 | 243.90 | 258.19 |
| Financial assets that have been derecognised / repaid | (2,522.79) | 5,236.68 | 10,313.09 |
| Write offs | (684.57) | (2,153.10) | (17,710.01) |
| **Loss allowance on 31 March 2021** | **33,352.64** | **31,920.98** | **24,976.85** |

Loans at fair value through OCI

| Reconciliation of loss allowance | Loss allowance measured at 12 month expected losses | Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and not credit-impaired | Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and credit-impaired |
|---|---|---|---|
| **Loss allowance on 1 April 2019** | **4,346.34** | **3,324.03** | **6,995.78** |
| Transfer to Stage 1 | 433.25 | (299.15) | (134.10) |
| Transfer to Stage 2 | (184.60) | 287.02 | (102.42) |
| Transfer to Stage 3 | (354.32) | (1,142.70) | 1,497.02 |
| COVID-19 wave 2 additional provision | - | - | - |
| Transfer from Amortised cost to Fair value through OCI | 47.10 | 0.30 | - |
| New financial assets originated or purchased | 901.08 | 1,384.89 | 211.21 |
| Financial assets that have been derecognised / repaid | (2,964.93) | 1.14 | 4,614.47 |
| Write offs | (230.73) | (516.34) | (5,158.25) |
| **Loss allowance on 31 March 2020** | **1,993.19** | **3,039.19** | **7,923.71** |
| Transfer to Stage 1 | 278.36 | (248.94) | (29.42) |
| Transfer to Stage 2 | (257.09) | 296.67 | (39.58) |
| Transfer to Stage 3 | (32.27) | (196.07) | 228.34 |
| COVID-19 wave 2 additional provision | 3,988.50 | 3,888.50 | 1,375.70 |
| Transfer from Amortised cost to Fair value through OCI | - | - | - |
| New financial assets originated or purchased | 745.46 | 76.48 | 93.77 |
| Financial assets that have been derecognised / repaid | (388.51) | 2,983.21 | 1,766.53 |
| Write offs | (298.21) | (1,994.89) | (6,827.96) |
| **Loss allowance on 31 March 2021** | **6,029.43** | **7,844.15** | **4,491.09** |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Upon renegotiation, such accounts are classified as Stage 2 or Stage 3 depending upon nature and status of account at the time of renegotiation. Such accounts are upgraded only upon observation of satisfactory repayments of one year from the date of renegotiation.

Exposure to modified financial assets not resulting in de-recognition :

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Gross carrying amount | 32,165.81 | 2,518.44 |
| Loss allowance | 6,120.13 | 298.97 |
| Net carrying amount | 26,045.68 | 2,219.47 |

j) **Concentration risk**

Pursuant to the guidelines of the RBI, credit exposure to an individual borrower must not exceed 15% of owned fund and 25% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines.

In addition, the Company views the concentration of risk on the basis of below product category.

| Loans to customers (carrying value) | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Asset backed finance (ABF) | 773,123.62 | 947,187.14 |
| Loan against property (LAP) | 61,065.89 | 74,003.62 |
| Small and medium enterprise (SME) | 129,381.25 | 154,560.07 |
| **Total** | **963,570.76** | **1,175,750.83** |



| Loans to customers (%) | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Asset backed finance (ABF) | 80.24% | 80.56% |
| Loan against property (LAP) | 6.34% | 6.29% |
| Small and medium enterprise (SME) | 13.42% | 13.15% |
| **Total** | **100.00%** | **100.00%** |

**Fair value of collateral relating to credit impaired financial assets**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Collateral value of underlying assets | 47,923.02 | 120,760.74 |
| Gross carrying amount | 41,854.87 | 87,466.67 |
| Loss allowance | 29,467.93 | 31,820.04 |

iii **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company has obtained fund and non-fund based working capital lines from various banks. Further, the Company has access to funds from debt markets through commercial paper, non-convertible debentures and other debt instruments including term loans. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature. The Company also manages liquidity by raising funds through Securitisation / assignment transactions.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

### Exposure to liquidity risk

The following are the remaining gross and undiscounted contractual maturities of financial liabilities (including interest portion) at the reporting date.

| As at 31 March 2021 | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Gross nominal outflow | 0-12 months | 1-3 years | 3-5 years | More than 5 years |
| **Non - derivative financial liabilities** | | | | | | |
| Trade Payable | 8,457.50 | 8,457.50 | 8,457.50 | - | - | - |
| Debt securities | 82,593.08 | 102,728.90 | 24,331.49 | 53,425.77 | 24,326.99 | 644.65 |
| Borrowings (other than debt securities) | 635,488.12 | 683,426.77 | 467,650.49 | 197,743.20 | 18,033.08 | - |
| Subordinated liability | 73,397.53 | 96,847.70 | 31,540.42 | 34,527.38 | 16,618.01 | 14,161.89 |
| Lease liability | 3,394.37 | 4,622.18 | 1,002.48 | 1,513.40 | 1,164.86 | 941.44 |
| Other financial liability | 25,191.52 | 25,191.52 | 25,191.52 | - | - | - |

| As at 31 March 2020 | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Gross nominal outflow | 0-12 months | 1-3 years | 3-5 years | More than 5 years |
| **Non - derivative financial liabilities** | | | | | | |
| Trade Payable | 1,966.47 | 1,966.47 | 1,966.47 | - | - | - |
| Debt securities | 64,915.80 | 89,199.32 | 6,199.30 | 31,688.63 | 50,617.44 | 693.95 |
| Borrowings (other than debt securities) | 859,857.27 | 949,275.88 | 570,104.32 | 325,306.03 | 53,865.53 | - |
| Subordinated liability | 75,684.48 | 1,08,153.55 | 11,176.46 | 49,257.59 | 19,682.03 | 28,037.47 |
| Lease liability | 5,496.91 | 7,434.19 | 1,717.59 | 2,614.72 | 1,667.77 | 1,434.11 |
| Other financial liability | 27,127.87 | 27,127.87 | 27,127.87 | - | - | - |

iv. **Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily ₹. In cases where the borrowings is denominated in foreign currency, the Company uses derivatives to manage market risks.

### Interest rate risk

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

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

### Exposure to interest rate risk

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

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | 923,725.57 | 1,179,499.49 |
| Financial liabilities | 670,431.83 | 774,615.64 |
| **Variable rate instruments** | | |
| Financial assets | 51,648.59 | 69,667.47 |
| Financial liabilities | 158,090.29 | 260,433.16 |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 47: Financial risk management *(contd.)*

### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 bps in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| Particulars | Profit or loss | |
|---|---|---|
| | 100 bps increase | 100 bps decrease |
| **As at 31 March 2021** | | |
| Variable rate instruments | (1,064.42) | 1,064.42 |
| **As at 31 March 2020** | | |
| Variable rate instruments | (1,907.66) | 1,907.66 |

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

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

### Legal and operational risk

#### Legal risk

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

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

As at 31 March 2021, there were legal cases pending against the Company aggregating ₹172.42 lacs (31 March 2020: ₹201.70 lacs). Based on the opinion of the Company's legal advisors, the management believes that no substantial liability is likely to arise from these cases.

#### Operational risk

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

The framework, at its core, has the following elements :

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

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

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

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

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

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 48: Change in liabilities arising from financing activities

| Particulars | As at 1 April 2020 | Loan Taken | Loan Paid | Non Cash Changes* | As at 31 March 2021 |
|---|---|---|---|---|---|
| Debt securities | 64,915.80 | 17,500.00 | - | 177.28 | 82,593.08 |
| Borrowings (other than debt securities) | 859,857.27 | 112,150.78 | (337,855.95) | 1,336.02 | 635,488.12 |
| Subordinated liabilities | 75,684.48 | - | (2,500.53) | 213.58 | 73,397.53 |
| **Total Liabilities from financing activities** | **1,000,457.55** | **129,650.78** | **(340,356.48)** | **1,726.88** | **791,478.73** |

| Particulars | As at 1 April 2019 | Loan Taken | Loan Paid | Non Cash Changes* | As at 31 March 2020 |
|---|---|---|---|---|---|
| Debt securities | 36,279.16 | 55,141.45 | (25,697.36) | (807.45) | 64,915.80 |
| Borrowings (other than debt securities) | 1,047,286.77 | 355,519.23 | (542,857.29) | (91.44) | 859,857.27 |
| Subordinated liabilities | 91,404.98 | - | (16,000.00) | 279.50 | 75,684.48 |
| **Total Liabilities from financing activities** | **1,174,970.91** | **410,660.68** | **(584,554.65)** | **(619.39)** | **1,000,457.55** |

* Represents adjustments on account of EIR and other adjustments as required under Ind AS

## Note 49: Capital management

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



i. Regulatory capital

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

- Tier 1 capital, which includes ordinary share capital, retained earnings and reserves and deduction for intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities and impairment provision in respect of standard assets.

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| CRAR (%) * | 20.29 | 25.90 |
| CRAR -Tier I Capital (%) | 17.36 | 23.02 |
| CRAR -Tier II Capital (%) | 2.93 | 2.88 |

* For the purpose calculation of CRAR , securitisation (PTC) transactions has been considered as 'zero risk weight asset' as per Reserve Bank of India notification dated 13 March 2020, while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets. The corresponding credit enhancement facilities have been deducted from Tier I and Tier II capital accordingly.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e., financing.

The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 50: Operating segments

The Executive Committee (EXCOM) of the Company has been identified as the Chief Operating Decision Maker (CODM) pursuant to the requirements of Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are reviewed regularly by the CODM for the purpose of allocation of resources and evaluation of performance. The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108. The Company does not have operations outside India and hence there is no external revenue or assets which require disclosure

No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2021 and 31 March 2020.

## Note 51: Revenue from contracts with customers

(a) Below table provides disaggregation of the Company's revenue from contracts with customers:

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Type of service** | | |
| Fees and commission income | 6,050.47 | 7,440.16 |
| Other income | 2,128.28 | 3,103.65 |
| **Total** | **8,178.75** | **10,543.81** |
| | | |
| **Geographical markets** | | |
| India | 8,178.75 | 10,543.81 |
| Outside India | - | - |
| **Total** | **8,178.75** | **10,543.81** |
| | | |
| **Timing of recognition of revenue** | | |
| Performance obligation satisfied at a point in time | 8,178.75 | 10,543.81 |
| Performance obligation satisfied over period of time | - | - |
| **Total** | **8,178.75** | **10,543.81** |

(b) Trade receivables

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Trade receivables | 1,261.71 | 851.39 |
| | **1,261.71** | **851.39** |

## Note 52: Loans and advances to subsidiary company pursuant to Regulation 33 (e ) and 53 (f) of SEBI (Listing Obligation and Disclosure Requirements), 2015

| Name of the Subsidiary | Maximum Outstanding | Closing Amount Outstanding |
|---|---|---|
| Magma Housing Finance Limited* | | |
| Year ended 31 March 2021 | - | - |
| Year ended 31 March 2020 | 20,000.00 | - |

*Above loans and advances have been given for general business purposes.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(a) Capital

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| (i) CRAR (%) # | 20.29 | 25.90 |
| (ii) CRAR -Tier I Capital (%) | 17.36 | 23.02 |
| (iii) CRAR -Tier II Capital (%) | 2.93 | 2.88 |
| (iv) Subordinated debt as Tier-II capital | 65,570.70 | 65,395.68 |
| (v) Perpetual debt instruments | 7,826.83 | 10,288.80 |

# For the purpose calculation of CRAR , securitisation (PTC) transactions has been considered as 'zero risk weight asset' as per Reserve Bank of India notification dated 13 March 2020, while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets. The corresponding credit enhancement facilities have been deducted from Tier I and Tier II capital accordingly.

(b) Investments

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Value of Investments | | |
| (i) Gross Value of Investments # | | |
| (a) In India | 45,413.56 | 43,325.58 |
| (b) Outside India | - | - |
| (ii) Provisions for Depreciation | | |
| (a) In India | - | - |
| (b) Outside India | - | - |
| (iii) Net Value of Investments # | | |
| (a) In India | 45,413.56 | 43,325.58 |
| (b) Outside India | - | - |

# Includes other financial assets of ₹2,521.36 lacs (31 March 2020 : ₹3,083.42 lacs).

(c) Derivative

The Company does not have any derivative exposure during the financial year ended 31 March 2021 and 31 March 2020.

(d) Disclosures relating to Securitisation^

1 (i) Outstanding amount of Securitised assets as per books of the SPVs #

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| 1 No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions ** | 26 | 32 |
| 2 Total amount of securitised assets as per books of the SPVs sponsored | 181,259.68 | 306,439.29 |
| 3 Total amount of the exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| a) Off-balance sheet exposures | | |
| First loss | - | - |
| Others | - | - |
| b) On-balance sheet exposures | | |
| First loss | 23,300.32 | 29,617.54 |
| Others | 13,672.92 | 18,311.49 |

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| 4 Amount of exposures to securitisation transactions other than MRR | | |
| a) Off-balance sheet exposures | | |
| (i) Exposure to own securitisation | | |
| First loss | - | - |
| Others | 25,858.94 | 29,847.85 |
| (ii) Exposure to third party securitisations | | |
| First loss | - | - |
| Others | - | - |
| b) On-balance sheet exposures | | |
| (i) Exposure to own securitisation | | |
| First loss | - | - |
| Others | 18,832.10 | 21,352.39 |
| (ii) Exposure to third party securitisations | | |
| First loss | - | - |
| Others | - | - |

** Only the SPVs relating to outstanding securitisation transactions are reported here.

# The above figures are being reported based on certificate issued by the auditors of the SPV.

^ Securitization (PTC) transaction do not meet the derecognition criteria under Ind AS and are recognised as 'on balance sheet exposures'. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the purpose of disclosure.

(ii) The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on 21 August 2012 is given below:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| 1 Excess interest spread receivable | 14,508.50 | 20,357.58 |
| 2 Unrealised gain on securitisation transactions | 14,508.50 | 20,357.58 |

2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

The Company has not sold any financial assets to securitisation / reconstruction company for asset reconstruction during the financial year ended 31 March 2021 and 31 March 2020.

3 Details of the net book value of investments in security receipts:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| (i) Backed by non-performing assets sold by the Company as underlying # | 2,521.36 | 3,083.42 |
| (ii) Backed by non-performing assets sold by other banks / financial institutions / non-banking financial companies as underlying. | - | - |
| **Total book value of investments in security receipts** | **2,521.36** | **3,083.42** |

# Represents carrying amount of security receipts as per RBI guidelines.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

4 Details of Assignment transactions undertaken by NBFCs

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| (i) No. of accounts | - | 10,830 |
| (ii) Aggregate value (net of provisions) of accounts sold | - | 99,997.61 |
| (iii) Aggregate consideration | - | 99,997.61 |
| (iv) Additional consideration realised in respect of accounts transferred in earlier years | - | - |
| (v) Aggregate gain / loss over net book value | - | - |

5 Details of non-performing financial assets purchased / sold

a) Details of non-performing financial assets purchased:

The Company has not purchased any non-performing financial assets during the financial year ended 31 March 2021 and 31 March 2020.

b) Details of non-performing financial assets sold:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| (i) No. of accounts sold | 13,011 | - |
| (ii) Aggregate outstanding (net of provisions)* | - | - |
| (iii) Aggregate consideration received | 2,097.00 | - |

* Gross outstanding ₹37,041.34 lacs already written off



(e) Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities

| Particulars | 1 to 7 days | 8 to 14 days | 15 days to 30/31days | Over 1 Month upto 2 Months | Over 2 Months upto 3 Months | Over 3 Months to 6 Months | Over 6 Months to 1 Year | Over 1 Years to 3 Years | Over 3 Years to 5 Years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits placed | 25,014.40 | 0.90 | 30.46 | 393.84 | 54.51 | 808.85 | 1,086.21 | 348.28 | - | - | 27,737.45 |
| Advances | 23,355.89 | 9,554.68 | 15,870.53 | 45,768.48 | 49,551.20 | 98,508.19 | 185,174.52 | 460,693.76 | 67,993.01 | 17,224.51 | 973,694.77 |
| Investments | - | - | - | - | - | - | 2,521.36 | - | - | 42,892.20 | 45,413.56 |
| Borrowings | - | 1,244.47 | 15,066.62 | 12,471.83 | 54,431.53 | 43,158.29 | 357,305.87 | 247,904.43 | 39,779.61 | 23,130.57 | 794,493.22 |
| Foreign currency assets | - | - | - | - | - | - | - | - | - | - | - |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - | - | - |

(f) Exposures

1 Exposure to real estate sector

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Category | | |
| (i) Direct exposure | | |
| A. Residential mortgages | 51,338.51 | 61,571.57 |
| B. Commercial mortgages | 9,727.38 | 12,432.05 |
| C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures # | | |
| a. Residential | - | - |
| b. Commercial Real Estate | 968.46 | 773.16 |
| (ii) Indirect Exposure | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | - | - |

\# Includes security receipts.

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

2 Exposure to Capital Market

The Company does not have any exposure to capital market during the financial year ended 31 March 2021 and 31 March 2020.

3 Details of financing of parent company products

The Company does not have a parent company and hence this discloure is not applicable.

4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2021 and 31 March 2020.

5 Unsecured advances

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Unsecured Advances | 129,381.25 | 154,560.07 |

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended 31 March 2021 and 31 March 2020.

(g) Registration obtained from other financial sector regulators.

| Particulars | Registration no.. | Date of registration / renewal |
|---|---|---|
| 1 Ministry of Corporate Affairs | L51504WB1978PLC031813 | 18 December 1978 |
| 2 Insurance Regulatory and Development Authority | CA0154 (Composite) | 09 March 2019 |



(h) Details of penalties imposed by RBI and other regulators

No penalties has been imposed by RBI and other regulators on the Company during the financial year ended 31 March 2021 and 31 March 2020.

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

| Nature | Date of rating assigned # | Rating assigned | Previous rating assigned |
|---|---|---|---|
| 1 Secured debentures | 15-Feb-21 | CARE AA- | CARE AA- |
| | | - | IND AA- |
| | | - | ICRA AA- |
| | 08-Jul-20 | BWR AA- | BWR AA |
| | 18-Feb-21 | ACUITE AA | ACUITE AA |
| 2 Subordinated debentures | 15-Feb-21 | CARE AA- | CARE AA- |
| | 08-Jul-20 | BWRAA- | BWRAA |
| | 18-Feb-21 | ACUITE AA | ACUITE AA |
| 3 Perpetual debt instruments | 15-Feb-21 | CARE A+ | CARE A+ |
| | 08-Jul-20 | BWR A+ | BWR AA- |
| 4 Securitisation | 21-Dec-20 | AA | - |
| | 01-Mar-21 | AA+ | - |
| | 01-Mar-21 | AA | - |
| | 24-Mar-21 | AA+ | - |
| | 24-Mar-21 | AAA | - |
| 5 Commercial papers | 15-Feb-21 | CARE A1+ | CARE A1+ |
| | 17-Feb-21 | CRISIL A1+ | CRISIL A1+ |
| 6 Bank facility | 15-Feb-21 | CARE AA- | CARE AA- |
| | 16-Feb-21 | ICRA AA- | ICRA AA- |
| | 19-Feb-21 | IND AA- | IND AA- |

# Date of rating assigned relates to rating valid on 31 March 2021.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

j) Remuneration of non-executive Directors

| Name of directors | Nature of payment | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| 1 Mr. Narayan K Seshadri | Sitting Fees | 15.00 | 18.00 |
| 2 Mr. Mayank Poddar | Sitting Fees | 8.00 | - |
| 3 Mr. Satya Brata Ganguly | Sitting Fees | - | 8.80 |
| 4 Mr. V K Viswanathan | Sitting Fees | 27.00 | 18.00 |
| 5 Ms. Madhumita Dutta-Sen | Sitting Fees | - | 1.00 |
| 6 Mr. Sunil Rewachand Chandiramani | Sitting Fees | 32.10 | 3.30 |
| 7 Mr. Bontha Prasada Rao | Sitting Fees | 16.20 | - |
| 8 Mrs. Vijayalakshmi R Iyer | Sitting Fees | 32.10 | 19.00 |

(k) Provisions and Contingencies

| Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Under "Impairment on financial instruments" | | |
| 1 Provision for standard assets | 51,495.29 | (397.97) |
| 2 Provision for non-performing assets | (2,737.89) | 5,305.45 |
| 3 Other provisions | 353.12 | 190.14 |
| Under "Tax expenses" | | |
| Provision made towards income tax (includes deferred tax) | (19,428.95) | 4,419.38 |
| Under "Employee Benefit Expenses" | | |
| Provision for compensated absences | 349.02 | 390.11 |

(l) Concentration of Advances, Exposures and NPAs

1 Concentration of Advances

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Total advances to twenty largest borrowers | 18,463.27 | 25,936.87 |
| Percentage of advances to twenty largest borrowers to total advances | 1.9% | 2.2% |

2 Concentration of Exposures

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Total exposure to twenty largest borrowers/ customers | 18,463.27 | 25,936.87 |
| Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers | 1.9% | 2.2% |

3 Concentration of NPAs

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Total exposure to top four NPA accounts | 876.09 | 633.45 |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

4 Sector-wise GNPAs

| Sector | % of NPAs to Total Advances in the sector | |
|---|---|---|
| | Year ended 31 March 2021 | Year ended 31 March 2020 |
| (i) Agriculture and allied activities | 8.8% | 12.8% |
| (ii) MSME | 0.8% | 4.9% |
| (iii) Corporate borrowers # | - | - |
| (iv) Services | 6.0% | 9.1% |
| (v) Unsecured personal loans | - | - |
| (vi) Auto loans | 6.3% | 5.2% |
| (vii) Other personal loans | 8.0% | 8.5% |

# Corporate borrowers is included in the respective sector

(m) Movement of NPAs

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| i) Net NPAs to Net Advances (%) ^ | 2.9% | 4.8% |
| ii) Movement of NPAs (Gross) * | | |
| a) Opening balance | 87,466.67 | 71,317.44 |
| b) Additions during the year | 33,551.04 | 64,679.76 |
| c) Reductions during the year | 79,162.84 | 48,530.53 |
| d) Closing balance | 41,854.87 | 87,466.67 |
| iii) Movement of Net NPAs * | | |
| a) Opening balance | 55,646.63 | 45,023.16 |
| b) Additions during the year | 7,970.27 | 40,922.52 |
| c) Reductions during the year | 51,229.97 | 30,299.05 |
| d) Closing balance | 12,386.93 | 55,646.63 |
| iv) Movement of provisions for NPAs (excluding provisions on standard assets) * | | |
| a) Opening balance | 31,820.04 | 26,294.28 |
| b) Provisions made during the year | 25,580.77 | 23,757.24 |
| c) Write-off / write-back of excess provisions | 27,932.87 | 18,231.48 |
| d) Closing balance | 29,467.94 | 31,820.04 |

The Company classifies non-performing assets (NPAs) at 3 months overdue and is compliant with the requirement for the financial year ending 31 March 2021 as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 1 September 2016. As company has adopted Ind-AS, provision on NPAs has been made as per expected credit loss method.

* Disclosure as per IND-AS, as required in RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020

^ Stage 3 assets as at 31 March 2021, includes restructured loan where assets are considered as credit impaired whereas for the limited purpose of regulatory disclosures based on dispensation given by RBI, the same has been considered as standard assets. The restructured assets have been provided for accordingly under Ind AS.

Similarly, Stage 2 assets as at 31 March 2021 includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as Sub - Standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

Further, Stage 1 and 2 assets as at 31 March 2021 also includes assets which are disbursed during moratorium period ie from 1 March 20 to 1 August 20 or were NPA as on 29 Feb 2020 and moratorium was provided to them under RBI notification dated 27 March 2020 and 17 April 2020. For the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring, the same has been considered as sub-standard assets. The restructured assets have been provided as per Ind AS.

(n) Disclosure of complaints

| Customer complaints | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| No. of complaints pending at the beginning of the year | 3 | 10 |
| No. of complaints received during the year | 543 | 349 |
| No. of complaints redressed during the year | 538 | 356 |
| No. of complaints pending at the end of the year | 8 | 3 |

(o) **Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India**

During the year ended 31 March 2021, 20 frauds (31 March 2020: 34 frauds) has been reported to RBI. The un-recovered amounts aggregating to ₹460.22 lacs (31 March 2020: ₹287.04 lacs) have been fully provided for / written-off.

(p) **Liquidity Coverage Ratio (LCR) disclosures**

**Qualitative disclosure**

Liquidity Coverage Ratio (LCR) is a tool for measuring and promoting short term resilience of the Company to potential liquidity disruptions by ensuring maintenance of sufficient unencumbered high quality liquid assets (HQLAs) to survive at severe stress scenario lasting for 30 calendar days. Reserve Bank of India (RBI) introduced the LCR requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹5,000 crore and above. The ratio comprises of HQLAs as numerator and net cash outflows in next 30 calendar days as denominator.

HQLA computation consist of two parts i.e.

(i) Assets to be included as HQLA without any haircut i.e. cash, government securities, etc. and

(ii) Assets to be considered for HQLA with haircuts (ranging 15% to 50%) which comprises of investments in highly rated non-financial corporate bonds and listed equity investments which are considered at prescribed haircuts.

In order to determine net cash outflows, the Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows or 75% of stressed outflow. Accordingly, LCR would be computed by dividing Company's stock of HQLA by its total net cash outflow.

The LCR requirement has been inducted in a phased manner with Company required to maintain minimum LCR of 50% from December 1, 2020 eventually increasing to 100% by December 1, 2024. The Company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold for all the quarters during the current financial year. The Company has maintained an average LCR of 103.56% for the quarter ended March 31, 2021 as against minimum regulatory requirement of 50%. The Company has maintained average HQLAs of ₹10,483.73 lacs for the quarter ended March 31, 2021.

Apart from LCR, Company also uses various liquidity indicators to measure the liquidity risk in terms of funding stability, concentration risk i.e. concentration by significant counter-parties and concentration by significant instruments / product, stock ratios etc.

The Company has adopted the liquidity risk framework as required under RBI regulation. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee (ALCO). ALCO reviews asset liability mismatches (ALM) and ensures that there are no excessive concentration of either assets or liability side of the balance sheet. Liquidity risk is managed in accordance with ALM policy. The same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements of the Company.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

Quantitative disclosure

| Particulars | Quarter ended 30 June 2020 | | Quarter ended 30 September 2020 | | Quarter ended 31 December 2020 | | Quarter ended 31 March 2021 | |
|---|---|---|---|---|---|---|---|---|
| | Total Unweighted Value (average)* | Total Weighted Value (average)# | Total Unweighted Value (average)* | Total Weighted Value (average)# | Total Unweighted Value (average)* | Total Weighted Value (average)# | Total Unweighted Value (average)* | Total Weighted Value (average)# |
| High Quality Liquid Assets | | | | | | | | |
| Total High Quality Liquid Assets (HQLA) | 7,853.81 | 7,853.81 | 15,940.36 | 15,940.36 | 12,456.96 | 12,456.96 | 10,483.73 | 10,483.73 |
| Cash Outflows | | | | | | | | |
| Deposits (for deposit taking companies) | - | - | - | - | - | - | - | - |
| Unsecured wholesale funding | - | - | - | - | 833.33 | 958.33 | 500.00 | 575.00 |
| Secured wholesale funding | 17,550.64 | 20,183.24 | 21,028.16 | 24,182.38 | 19,210.30 | 22,091.84 | 20,572.16 | 23,657.98 |
| Additional requirements, of which | | | | | | | | |
| Outflows related to derivative exposures and other collateral requirements | - | - | - | - | - | - | - | - |
| Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| Credit and liquidity facilities | - | - | - | - | - | - | - | - |
| Other contractual funding obligations | 16,285.21 | 18,727.99 | 15,325.24 | 17,624.03 | 14,691.84 | 16,895.62 | 14,138.90 | 16,259.74 |
| Other contingent funding obligations | - | - | - | - | - | - | - | - |
| TOTAL CASH OUTFLOWS | 33,835.85 | 38,911.23 | 36,353.40 | 41,806.41 | 34,735.47 | 39,945.79 | 35,211.06 | 40,492.72 |
| Cash Inflows | | | | | | | | |
| Secured lending ## | 35,581.14 | 26,685.86 | 61,864.05 | 46,398.04 | 59,433.52 | 44,575.14 | 58,882.69 | 44,162.02 |
| Inflows from fully performing exposures | 36,754.92 | 27,566.19 | 44,463.78 | 33,347.84 | 48,216.12 | 36,162.09 | 48,199.88 | 36,149.91 |
| Other cash inflows | 14,133.76 | 10,600.32 | 8,899.13 | 6,674.35 | 11,914.46 | 8,935.85 | 9,006.52 | 6,754.89 |
| TOTAL CASH INFLOWS | 86,469.82 | 64,852.37 | 115,226.96 | 86,420.23 | 119,564.10 | 89,673.08 | 116,089.09 | 87,066.82 |
| TOTAL HQLA | | 7,853.81 | | 15,940.36 | | 12,456.96 | | 10,483.73 |
| TOTAL NET CASH OUTFLOWS | | 9,727.81 | | 10,451.60 | | 9,986.45 | | 10,123.18 |
| LIQUIDITY COVERAGE RATIO (%) | | 80.74% | | 152.52% | | 124.74% | | 103.56% |



* Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

\# Weighted values calculated after the application of respective stress factors on inflow and outflow.

\## Includes unutilised CC/ WCDL limit

HQLA includes cash on hand and demand deposits with Scheduled Commercial Banks.

(q) Public disclosure on liquidity risk

1) Funding Concentration based on significant counterparty (both deposits and borrowings)

| Number of Significant Counterparties | Amount | % of Total deposits | % of Total Liabilities |
|---|---|---|---|
| 18 | 726,773.91 | Not Applicable | 86.52% |

2) Top 20 large deposits (amount and % of total deposits)

- Not applicable

3) Top 10 borrowings (amount and % of total borrowings)

| Amount | % of Total Borrowings |
|---|---|
| 5,91,662.89 | 74.75% |

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

4) Funding Concentration based on significant instrument/product

| Sr no | Name of the Instrument / Product | Amount | % of Total Liabilities |
|---|---|---|---|
| 1 | Non Convertible Debentures | 82,593.08 | 9.83% |
| 2 | Term Loans | 168,955.08 | 20.11% |
| 3 | Working Capital (Cash credit & WCDL) | 274,150.94 | 32.64% |
| 4 | Loan from PTC Investors | 192,382.10 | 22.90% |
| 5 | Subordinate Debt Instruments | 65,570.70 | 7.81% |

5) Stock Ratios:

| Particulars | Ratios |
|---|---|
| a) Commercial Paper as a % of total public funds | Nil |
| Commercial Paper as a % of total liabilities | Nil |
| Commercial Paper as a % of total assets | Nil |
| | |
| b) Non convertible debentures (Original maturity of less than 1 year) as a % of total public funds | Nil |
| Non convertible debentures (Original maturity of less than 1 year) as a % of total liabilities | Nil |
| Non convertible debentures (Original maturity of less than 1 year) as a % of total assets | Nil |
| | |
| c) Other short-term liabilities as a % of total public funds | 66.24% |
| Other short-term liabilities as a % of total liabilities | 62.41% |
| Other short-term liabilities as a % of total assets | 50.69% |

Other short term liabilities includes Cash Credit and WCDL which are renewed on annual basis and are therefore revolving in nature.

6) Institutional set-up for liquidity risk management

Board constituted Asset Liability committee (ALCO) reviews asset liability mismatches (ALM). It also ensures that there are no excessive concentration of either assets or liability side of the balance sheet.

ALM is monitored as a regular process and necessary steps are taken wherever required. Company also maintains sufficient liquidity buffer through credit lines and other means to meet its liability when they are due, under both normal and stressed conditions in a timely manner. Maturity profile of financial assets and financial liabilities is assessed along with borrowing and business and as a part of review of liquidity position.

The Company has obtained fund and non-fund based working capital lines and Term Loans from various banks and financial institutions. Further, the Company has access to funds from debt markets through non-convertible debentures and other debt instruments. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature. The Company also manages liquidity by raising funds through Securitisation/ assignment transactions.

Liquidity risk is managed in accordance with ALM policy. Same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements.

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

(r) Comparison between provisions required under IRACP and impairment allowances made under IND AS 109 as per RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020

As on 31 March 2021

| Asset Classification as per RBI Norms (1) | Asset classification as per Ind AS 109 (2) | Gross Carrying Amount as per Ind AS (3) | Loss Allowances (Provisions) as required under Ind AS 109 (4) | Net Carrying Amount (5=3-4) | Provisions required as per IRACP norms (6) * | Difference between Ind AS 109 provisions and IRACP norms (7=4-6) |
|---|---|---|---|---|---|---|
| Performing Assets | | | | | | |
| Standard | Stage 1 | 759,012.29 | 38,765.81 | 720,246.48 | 3,094.60 | 35,671.21 |
| | Stage 2 | 127,195.60 | 39,088.86 | 88,106.74 | 2,014.90 | 37,073.96 |
| | Stage 3 | 962.45 | 479.39 | 483.06 | 67.84 | 411.55 |
| Subtotal | | 887,170.34 | 78,334.06 | 808,836.28 | 5,177.34 | 73,156.72 |
| Non-Performing Assets | | | | | | |
| Substandard | Stage 1 | 9,407.70 | 210.53 | 9,197.17 | 940.77 | (730.24) |
| | Stage 2 | 6,745.81 | 832.22 | 5,913.59 | 727.08 | 105.14 |
| | Stage 3 | 34,911.28 | 24,671.49 | 10,239.79 | 5,547.26 | 19,124.23 |
| | | 51,064.79 | 25,714.24 | 25,350.55 | 7,215.11 | 18,499.13 |
| Doubtful | | | | | | |
| upto 1 year | Stage 3 | 4,937.29 | 3,548.84 | 1,388.45 | 1,620.26 | 1,928.58 |
| 1 to 3 years | Stage 3 | 241.42 | 217.24 | 24.18 | 182.65 | 34.59 |
| More than 3 years | Stage 3 | 445.05 | 410.12 | 34.93 | 472.80 | (62.68) |
| Subtotal | | 5,623.76 | 4,176.20 | 1,447.56 | 2,275.71 | 1,900.49 |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | 56,688.55 | 29,890.44 | 26,798.11 | 9,490.82 | 20,399.62 |
| Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms | Stage 1 | 8,467.48 | 143.99 | 8,323.49 | - | 143.99 |
| | Stage 2 | 1,255.28 | 153.57 | 1,101.71 | - | 153.57 |
| | Stage 3 | 357.37 | 140.85 | 216.52 | - | 140.85 |
| Subtotal | | 10,080.13 | 438.41 | 9,641.72 | - | 438.41 |
| **Total** | **Stage 1** | **776,887.47** | **39,120.33** | **737,767.14** | **4,035.37** | **35,084.96** |
| | **Stage 2** | **135,196.69** | **40,074.65** | **95,122.04** | **2,741.98** | **37,332.67** |
| | **Stage 3** | **41,854.86** | **29,467.93** | **12,386.93** | **7,890.81** | **21,577.12** |
| | **Total** | **953,939.02** | **108,662.91** | **845,276.11** | **14,668.16** | **93,994.75** |
| Lower income booked on Stage 3 | | 1,743.09 | 1,743.09 | - | - | 1,743.09 |
| | **Total** | **955,682.11** | **110,406.00** | **845,276.11** | **14,668.16** | **95,737.84** |

* Includes interest suspended on Stage 3 assets

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

Stage 3 assets as at 31 March 2021, includes restructured loan where assets are considered as credit impaired whereas for the limited purpose of regulatory disclosures based on dispensation given by RBI, the same has been considered as standard assets. The restructured assets have been provided for accordingly under Ind AS.

Similarly, Stage 2 assets as at 31 March 2021 includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as Sub - Standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

Further, Stage 1 and 2 assets as at 31 March 2021 also includes assets which are disbursed during moratorium period ie from 1 March 20 to 1 August 20 or were NPA as on 29 Feb 2020 and moratorium was provided to them under RBI notification dated 27 March 2020 and 17 April 2020. For the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring, the same has been considered as sub-standard assets. The restructured assets have been provided as per Ind AS.

(s) Details of Morotorium facility provided by the Company as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

Due to stress caused by the pandemic COVID-19, Reserve Bank of India (RBI) vide its circular on "COVID-19 – Regulatory Package" dated March 27, 2020 and April 17 2020, has permitted all financial institution, including NBFCs, to grant moratorium to its customers on installment of outstanding term loans falling due during the period from 1 March 20 to 31 August 20. Accordingly, Company has provided loan moratorium to borrowers as mentioned below:

i) Loan moratorium has been provided to 269,150 borrowers (31 March 2020 : 261,976).The total outstanding as on 31 March 2021 is ₹563,978.87 lacs (31 March 2020: ₹830,094.91) consisting of 199,341 cases (31 March 2020 : 261,976).

ii) Respective amount where asset classification benefits is extended - Nil

iii) Provisions made as on 31 March 2021 in respect of such loans is ₹37,532.09 lacs (31 March 2020 : ₹28,892.83 lacs).

iv) As company follows Ind- AS, other disclosure required under above circular are not applicable.

There are nil account as on 31 March 2021 where the asset classification benefit is extended for cases where moratorium was provided until 31 August 2020, as the asset classification is based on the actual performance of the account after end of moratorium.

The Company has made the adequate provision for impairment loss under ECL methodology as on 31 March 2021.

(t) Detail of restructured advances

| Particulars | | Under SME Debt Restructuring Mechanism | | | | |
|---|---|---|---|---|---|---|
| | | Standard | Sub-Standard | Doubtful | Loss | Total |
| **Restructured Accounts as on 1 April 2020** | **No of borrowers** | **-** | **123** | **-** | **-** | **123** |
| | **Amount Outstanding** | **-** | **2,492.04** | **-** | **-** | **2,492.04** |
| | **Provision thereon** | **-** | **285.62** | **-** | **-** | **285.62** |
| Fresh restructuring during the year | No of borrowers | 2,091 | 192 | 5 | - | 2,288 |
| | Amount Outstanding | 17,794.78 | 1,511.96 | 72.03 | - | 19,378.77 |
| | Provision thereon | 3,191.36 | 695.66 | 26.23 | - | 3,913.25 |
| Upgradations to restructured standard category during the year | No of borrowers | 94 | (94) | - | - | - |
| | Amount Outstanding | 1,809.66 | (1,898.60) | - | - | (88.94) |
| | Provision thereon | 103.63 | (204.23) | - | - | (100.60) |
| Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year | No of borrowers | - | - | - | - | - |
| | Amount Outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |
| Downgradations of restructured accounts during the year | No of borrowers | - | 1 | (1) | - | - |
| | Amount Outstanding | - | 20.22 | (24.06) | - | (3.84) |
| | Provision thereon | - | (31.15) | (6.14) | - | (37.29) |
| Write-offs of restructured accounts during the year | No of borrowers | 34 | 12 | - | - | 46 |
| | Amount Outstanding | 366.36 | 255.21 | - | - | 621.57 |
| | Provision thereon | 61.77 | 35.87 | - | - | 97.64 |
| **Restructured Accounts as on 31 March 2021 *** | **No of borrowers** | **2,151** | **208** | **6** | **-** | **2,365** |
| | **Amount Outstanding** | **19,238.08** | **1,829.97** | **96.09** | **-** | **21,164.14** |
| | **Provision thereon** | **3,233.22** | **772.33** | **32.37** | **-** | **4,037.92** |

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

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# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

Amount of movement in respective blocks includes recovery made during the year

| Particulars | | Others | | | | |
|---|---|---|---|---|---|---|
| | | Standard | Sub-Standard | Doubtful | Loss | Total |
| **Restructured Accounts as on 1 April 2020** | **No of borrowers** | - | - | - | - | - |
| | **Amount Outstanding** | - | - | - | - | - |
| | **Provision thereon** | - | - | - | - | - |
| Fresh restructuring during the year | No of borrowers | 598 | 9,797 | 84 | - | 10,479 |
| | Amount Outstanding | 6,260.39 | 26,415.02 | 370.92 | - | 33,046.33 |
| | Provision thereon | 1,069.23 | 4,654.24 | 191.51 | - | 5,914.98 |
| Upgradations to restructured standard category during the year | No of borrowers | - | - | - | - | - |
| | Amount Outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |
| Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year | No of borrowers | - | - | - | - | - |
| | Amount Outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |
| Downgradations of restructured accounts during the year | No of borrowers | - | - | - | - | - |
| | Amount Outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |
| Write-offs of restructured accounts during the year | No of borrowers | 23 | 3,821 | - | - | 3,844 |
| | Amount Outstanding | 63.81 | 6,983.56 | - | - | 7,047.37 |
| | Provision thereon | 7.20 | 1,801.40 | - | - | 1,808.60 |
| **Restructured Accounts as on 31 March 2021 *** | **No of borrowers** | **575** | **5,976** | **84** | **-** | **6,635** |
| | **Amount Outstanding** | **6,196.58** | **19,431.46** | **370.92** | **-** | **25,998.96** |
| | **Provision thereon** | **1,062.03** | **2,852.84** | **191.51** | **-** | **4,106.38** |



* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

Amount of movement in respective blocks includes recovery made during the year

| Particulars | | Total | | | | |
|---|---|---|---|---|---|---|
| | | Standard | Sub-Standard | Doubtful | Loss | Total |
| **Restructured Accounts as on 1 April 2020** | **No of borrowers** | - | **123** | - | - | **123** |
| | **Amount Outstanding** | - | **2,492.04** | - | - | **2,492.04** |
| | **Provision thereon** | - | **285.62** | - | - | **285.62** |
| Fresh restructuring during the year | No of borrowers | 2,689 | 9,989 | 89 | - | 12,767 |
| | Amount Outstanding | 24,055.17 | 27,926.98 | 442.95 | - | 52,425.10 |
| | Provision thereon | 4,260.59 | 5,349.90 | 217.74 | - | 9,828.23 |
| Upgradations to restructured standard category during the year | No of borrowers | 94 | (94) | - | - | - |
| | Amount Outstanding | 1,809.66 | (1,898.60) | - | - | (88.94) |
| | Provision thereon | 103.63 | (204.23) | - | - | (100.60) |
| Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year | No of borrowers | - | - | - | - | - |
| | Amount Outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |
| Downgradations of restructured accounts during the year | No of borrowers | - | 1 | (1) | - | - |
| | Amount Outstanding | - | 20.22 | (24.06) | - | (3.84) |
| | Provision thereon | - | (31.15) | (6.14) | - | (37.29) |
| Write-offs of restructured accounts during the year | No of borrowers | 57 | 3,833 | - | - | 3,890 |
| | Amount Outstanding | 430.17 | 7,238.77 | - | - | 7,668.94 |
| | Provision thereon | 68.97 | 1,837.27 | - | - | 1,906.24 |
| **Restructured Accounts as on 31 March 2021 *** | **No of borrowers** | **2,726** | **6,184** | **90** | **-** | **9,000** |
| | **Amount Outstanding** | **25,434.66** | **21,261.43** | **467.01** | **-** | **47,163.10** |
| | **Provision thereon** | **4,295.25** | **3,625.17** | **223.88** | **-** | **8,144.30** |

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

# Notes to the financial statements for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

## Note 53: Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *(contd.)*

Amount of movement in respective blocks includes recovery made during the year

(u) Details of resolution framework for COVID-19- related stress as per RBI notification no. DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020

| Type of borrower | (A) Number of accounts where resolution plan has been implemented under this window | (B) Exposure to accounts mentioned at (A) before implementation of the plan | (C) Of (B), aggregate amount of debt that was converted into other securities | (D) Additional funding sanctioned, if any, including between invocation of the plan and implementation | (E) Increase in provisions on account of the implementation of the resolution plan |
|---|---|---|---|---|---|
| Personal Loans | - | - | - | - | - |
| Corporate persons* | - | - | - | - | - |
| MSMEs | - | - | - | - | - |
| Others | 595 | 7,313.44 | - | - | 1,148.30 |
| **Total** | **595** | **7,313.44** | - | - | **1,148.30** |

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(v) Detail of restructured advances - Micro, Small and Medium Enterprises (MSME) sector as per RBI notification no. DOR.No.BP.BC/4/21.04.048/2020-21 dated 6 August 2020

| No of accounts restructured* | Amount |
|---|---|
| 2,288 | 21,011.75 |

* Includes MSME cases restructured under Non MSME restructure guidelines.

(w) In accordance with the instructions in aforementioned RBI circular dated April 07 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April 2021, the Company has put in place a Board approved policy to refund / adjust the 'interest on interest' charged to borrowers during the moratorium period i.e., 1 March 2020 to 31 August 2020. The Company has estimated the said amount and made a provision of ₹906.58 lacs in the financial statements for the year ended March 31, 2021.

As per our report of even date attached

For and on behalf of the Board of Directors of
**Magma Fincorp Limited**

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

**Sanjay Chamria**
*Vice Chairman & Managing Director*
(DIN : 00009894)

**Sunil Rewachand Chandiramani**
*Non-Executive Independent Director*
(DIN: 00524035)

**Kailash Baheti**
*Chief Financial Officer*

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

**Shabnum Zaman**
*Company Secretary*

Place : Mumbai
Date : 31 May 2021

Place : Kolkata
Date : 31 May 2021

Place : Mumbai
Date : 31 May 2021

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# Schedule annexed to the balance sheet for the year ended 31 March 2021

(All amounts are in ₹ lacs unless otherwise stated)

Disclosure of details as required in terms of Paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid *

| Sr no | Particulars | Amount outstanding as at 31 March 2021 | Amount overdue as at 31 March 2021 |
|---|---|---|---|
| | Liabilities | | |
| (a) | Debentures | | |
| | - Secured | 82,593.08 | - |
| | - Unsecured | 73,397.53 | - |
| (b) | Deferred Credits | - | - |
| (c) | Term Loans | 168,955.08 | - |
| (d) | Inter-Corporate Loans and Borrowing | - | - |
| (e) | Commercial Paper | - | - |
| (f) | Public Deposits | - | - |
| (g) | Cash Credit / Working Capital Demand Loans from Banks | 274,150.94 | - |

* Does not include loan from PTC investors which forms part of borrowings under Ind AS as the same does not meet the derecognition criteria under Ind AS.

2 Break-up of Loans and Advances, including Bills Receivables (other than those included in (3) below)

| Sr no | Particulars | Amount outstanding as at 31 March 2021 |
|---|---|---|
| | Assets | |
| (a) | Secured | - |
| (b) | Unsecured | 16,395.56 |

3 Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities * #

| Sr no | Particulars | Amount outstanding as at 31 March 2021 |
|---|---|---|
| (i) | Lease Assets including Lease Rentals under Sundry Debtors | 5,042.30 |
| (ii) | Stock on Hire including Hire Charges under Sundry Debtors | - |
| (iii) | Other loans counting towards AFC activities | |
| | (a) Loans where assets have been repossessed | 3,732.54 |
| | (b) Loans other than (a) above | 959,838.22 |

# AFC classification has been discontinued by RBI with effect from 22 February 2019

* Securitization (PTC) transaction do not meet the de-recognition criteria under Ind AS and are recognised in books of accounts. Accordingly amounts stated above are inclusive of PTC transactions for the purpose of disclosure.

# Schedule annexed to the balance sheet for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

4 Break-up of Investments

| Sr no | Particulars | Amount outstanding as at 31 March 2021 |
|---|---|---|
| | Current Investments | |
| 1 | Quoted | |
| | (i) Shares (a) Equity | - |
| | (b) Preference | - |
| | (ii) Debentures and Bonds | - |
| | (iii) Units of Mutual Funds | - |
| | (iv) Government Securities | - |
| | (v) Others (please specify) | - |
| 2 | Unquoted | |
| | (i) Shares (a) Equity | - |
| | (b) Preference | - |
| | (ii) Debentures and Bonds | - |
| | (iii) Units of Mutual Funds | - |
| | (iv) Government Securities | - |
| | (v) Others (please specify) | - |



| Sr no | Particulars | Amount outstanding as at 31 March 2021 |
|---|---|---|
| | Long-term Investments | |
| 1 | Quoted | |
| | (i) Shares (a) Equity | - |
| | (b) Preference | - |
| | (ii) Debentures and Bonds | - |
| | (iii) Units of Mutual Funds | - |
| | (iv) Government Securities | - |
| | (v) Others (please specify) | - |
| 2 | Unquoted | |
| | (i) Shares (a) Equity | 42,892.04 |
| | (b) Preference | - |
| | (ii) Debentures and Bonds | - |
| | (iii) Units of Mutual Funds | - |
| | (iv) Government Securities | - |
| | (v) Others | |
| | - National Savings Certificate | 0.16 |
| | - Security Receipts | 2,521.36 |

# Schedule annexed to the balance sheet for the year ended 31 March 2021 *(contd.)*

(All amounts are in ₹ lacs unless otherwise stated)

45 Borrower group-wise classification of assets financed as in (2) and (3) above *

| Sr no | Category | Secured | Unsecured | Total as at 31 March 2021 |
|---|---|---|---|---|
| 1 | Related Parties | | | |
| | (a) Subsidiaries | - | - | - |
| | (b) Companies in the same group | - | 500.26 | 500.26 |
| | (c) Other related parties | | 11.92 | 11.92 |
| 2 | Other than Related Parties | 839,231.81 | 145,264.63 | 984,496.44 |
| | **Total** | **839,231.81** | **145,776.81** | **985,008.62** |

* Securitization (PTC) transaction do not meet the de-recognition criteria under Ind AS and are recognised in books of accounts. Accordingly amounts stated above are inclusive of PTC transactions for the purpose of disclosure.

6 Investor group-wise Classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

| Sr no | Category | Market Value / Break up or Fair Value or NAV as at 31 March 2021 | Book Value (Net of Provisions) as at 31 March 2021 |
|---|---|---|---|
| 1 | Related Parties | | |
| | (a) Subsidiaries | 49,684.89 | 31,970.94 |
| | (b) Companies in the same group | 16,505.68 | 10,920.11 |
| | (c) Other related parties | - | - |
| 2 | Other than Related Parties | 2,567.14 | 2,522.51 |
| | **Total** | **68,757.71** | **45,413.56** |



7 Other information

| Sr no | Particulars | Total as at 31 March 2021 |
|---|---|---|
| (i) | Gross Non-Performing Assets * | |
| | (a) Related parties | - |
| | (b) Other than Related parties | 41,854.87 |
| (ii) | Net Non-Performing Assets * | |
| | (a) Related parties | - |
| | (b) Other than Related parties | 12,386.93 |
| (iii) | Assets acquired in satisfaction of debt | - |

* Disclosure as per IND-AS, as required in RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020

Sunil Rewachand Chandiramani
*Non-Executive Independent Director*
(DIN: 00524035)

Sanjay Chamria
*Vice Chairman & Managing Director*
(DIN : 00009894)

Kailash Baheti
*Chief Financial Officer*

Shabnum Zaman
*Company Secretary*

Mumbai
Date : 31 May 2021

Place : Kolkata
Date : 31 May 2021

# CONSOLIDATED FINANCIAL STATEMENTS

# Independent Auditors' Report

To the Members of
Magma Fincorp Limited

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Magma Fincorp Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as 'the Group') and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiary, and joint ventures as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint ventures as at 31 March 2021, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section* of our report. We are independent of the Group and its joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (the 'ICAI') and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Emphasis of matter

We draw attention to Note 44(ii) to the consolidated financial statements, relating to remuneration paid to the Whole Time Director (upto 7 November 2020) and the Vice Chairman and Managing Director of the Holding Company for the financial year ended 31 March 2021, being in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹ NIL and Rs. 49.93 lacs for Whole Time Director and Vice Chairman and Managing Director respectively and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by ₹ 112.71 lacs and ₹ 224.40 lacs for Whole Time Director and Vice Chairman and Managing Director respectively, which is subject to the approval of the shareholders. Further, the Holding Company is reasonably certain of getting the required approval.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

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