

Magma Fincorp Q3 FY21 Disbursals up 45% QoQ; Profit Before Tax rose 34% to Rs 115 Cr 9M FY21 YoY

Mumbai, 6 February 2021: Mumbai-based asset finance company, Magma Fincorp Limited today announced results for Q3 FY21. The company's profit before tax (PBT) rose 34% YoY to Rs 115 Crore from Rs 86 Crore in 9M FY21. The PBT for Q3 FY21 stood at Rs 17 Crore against Rs 30 Crore in Q3 FY21. Disbursements in Q3 FY21 grew by 45% over Q2 FY21, driven by pick up in used assets and affordable housing.

The company has seen improvement in collections, recorded collection efficiency of 90% in October, 90% in November and 94% in December 2020. The Company lowered operating expenses by Rs 116 Crore in YTD 9M FY21 which translates to a saving of ~ 70 bps during the year, of which 40 bps is sustainable due to structural changes undertaken, whereas balance may come back with normalcy.

The company continued to maintain a strong liquidity position with around Rs 2,110 cr of surplus liquidity as on 31st December 2020.

In order to realize the true intrinsic value of its three businesses, the company has undertaken various strategic initiatives to unlock value for its shareholders as below.

1) The company sharpened focus on high RoE products in Asset Backed-Finance (ABF) business (i.e. Used assets, Tractor, Auto Lease and SME), the share of focus products in ABF AUM is expected to increase from around 58% currently to 83% by Mar-22. Capital release of around Rs 210 Crore is expected in FY21, which shall get deployed towards the growth of focus products.

2) Magma Housing Finance (MHFL), the wholly owned subsidiary of Magma Fincorp continues to carve out a niche for itself in the specialized affordable housing finance space. The capital raise process is underway and MHFL has so far received healthy preliminary interest from potential investors, with firm interest to be received over next 2-3 months

3) Magma HDI General Insurance has received firm interest from few parties for capital raise, with definitive alignment to be reached in foreseeable future

Segmental Highlights

Vehicle Finance Business: The vehicle finance business portfolio is being reshaped with the entire new disbursals comprising of focus products, viz., Used Vehicles, Tractor and Auto Lease. Used Car disbursals are at 85% of pre-covid levels. Due to running off of the non-focus portfolio, AUM reduced by 11% vs March 2020.

Magma Housing Finance (MHF): The 100% affordable housing finance subsidiaries' disbursals grew 38% over previous quarter and stood at Rs 367 Cr. The Company reported a PAT of Rs. 10.2 Crore in Q3 FY21. AUM grew by 16% to Rs 3,709 Crore YoY.



SME Finance Business: The SME business digitally accessed and disbursed Emergency Credit Line to 3200 SMEs with an end to end paperless and seamless process. The SME Business has also successfully concluded the pilot for secured lending in 3 states and is expected to double its distribution in Q4 FY21.

Magma HDI General Insurance: In Q3 FY21 the Company grew by 2.3%, with a strong growth of 82.2% in the commercial segment and 32.2% in the Health & Accident segment. The de-growth in the motor segment tapered from 6.6% in Q2FY21 to 4.3% in Q3FY21. Profit after tax for 9M FY21 stood at Rs. 22.3 Crores against Rs. 7.3 Crores YoY.

Commenting on Magma Fincorp's performance, **Mr Sanjay Chamria, Vice Chairman and Managing Director**, Magma Fincorp Limited said, "the Indian economy has already begun its recovery, despite being hit hard by the pandemic. The bounce back in vehicle sales has been stronger than anticipated and demand for mobility and own housing will drive lending in 2021. Competitive intensity is also increasing and Magma's expertise in the Used vehicles, Affordable housing finance and secured SME lending will ensure we tide over it. As normalcy has returned, we remain cautiously optimistic for FY22. AUM growth may remain flat this year due to our accelerated shift to underwrite only High ROA products which will release substantial capital, improve NIM trajectory and lead to lower cost of funds."

About Magma Fincorp Limited

Magma Fincorp Limited ("Magma") a Mumbai-based non-deposit taking non-banking finance company (NBFC), is registered with the Reserve Bank of India (RBI). The Company started operations nearly three decades back and is listed on the Bombay Stock Exchange Limited and the National Stock Exchange in India.

Magma a financial conglomerate offers a bouquet of financial products including commercial finance, agri finance, SME finance, mortgage finance and general insurance. Magma is focused on the rural and semi-urban sector with a widespread coverage and presence across 21 States 297 Branches. Magma's customer base has crossed 5 million and manages a loan book of Rs 15,006 cr.

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