

Magma Fincorp Limited  
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2 August 2017

The Secretary,  
Corporate Relationship Department,  
**BSE Limited**  
25<sup>th</sup> Floor, P. J. Towers, Dalal Street, Fort,  
Mumbai - 400 001

**Company Code - 524000**

Manager,  
Listing Department,  
**National Stock Exchange of India Limited**  
"Exchange Plaza",  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051

**Symbol - MAGMA**

**Sub: Press Release in respect of Unaudited Financial Results for the quarter ended 30 June 2017**

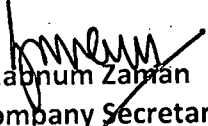
Dear Sir,

Enclosed herewith please find the Press Release on the performance of the Company for the quarter ended 30 June 2017.

This is for your information and record.

Thanking You,

Yours faithfully,  
For Magma Fincorp Limited

  
Shabnum Zaman  
Company Secretary  
ACS No. 13918

Encl: as above

Magma Fincorp Ltd. – Q1 FY 18 highlights

**PAT at 45 crore, NIM up 143 bps to 8.3%**

**Decline in absolute NNPA**

**Kolkata, 2<sup>nd</sup> August 2017:** Leading asset finance company, Magma Fincorp Limited today announced the Q1 FY18 unaudited results that reflected continued improved performance. NIM improved 143bps yoy to an all-time high of 8.3%, due to improvement in cost of funds and decline in non-income generating NPAs. After the sale of NPA in Q4 FY17, the company continued its journey on improving the asset quality in the quarter. Despite first quarter being seasonally weak for the industry, the NNPA of the company has marginally reduced as against the normal trend of increase in first quarter of past years. The company is confident that the asset quality will continue to improve during the year resulting in lower credit losses and interest income reversal.

The company posted a marginally lower Profit After Tax (PAT) of Rs 45 crore compared to corresponding quarter last year due to the additional provisions of Rs 10cr made in this quarter for moving towards 90dpd NPA provisioning norms by March 2018. The ROA for quarter improved 11 bps yoy to 1.34% on the back of a better operating performance.

The sequential de-growth in Assets Under Management (AUM) of 4% is along expected lines, as the company is in the midst of diversifying its loan book and reduce its cyclicity and seasonality. The contribution of Used Assets & LCV/ SCVs increased to 24% of total disbursements in 1Q FY18 compared to 17% in the corresponding quarter last year. On the other hand, the share of tractors declined to 13% from 20% in 1QFY17.

In the mortgage business, the company is focusing on the emerging Pradhan Mantri Awas Yojana (PMAY) and affordable housing opportunity by leveraging on its 300 branch and a million customer network. The objective of the company would be to grow by direct sourcing and promote PMAY to provide more affordability to its core customer segment, self-employed and non-professional (SENP).

The SME financing business continues to perform well both in terms of credit quality and profitability. The SME business is expected to further sustain this performance by expanding business beyond the existing top 50 cities by leveraging Magma's branch network, focusing on lending to the micro and small enterprise

customers, building geo-cluster and industrial segment expertise to adopt a micro-market approach to business growth, shift sourcing mix toward sectors positively impacted by GST and by increasing contribution of direct business.

With the likely improving macro fundamentals of the Indian rural economy due to normal monsoons and increased expenditure by government in rural India, the company expects to end the year with positive AUM growth and with a significantly better asset quality.

Commenting on the company's performance, **Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited** said, *"1Q FY18 was a satisfactory quarter, as the company has been able to achieve improvement in most of our key operating parameters like NIM and asset quality. Though AUM declined on sequential basis, it was along expected lines and the company will hopefully end FY18 with a positive AUM growth. With the entire top management in place and operating out from Mumbai, the company expects to execute its strategy more successfully leading to improvement in overall profitability of the company in the current fiscal year"*.

*"After three consecutive years of pain, the rural economy is expected to bounce back strongly in FY18. Magma with its strong presence in rural and semi urban India, expects to be a significant beneficiary of this expected resurgence in rural India for its wide range of product offering from asset backed products to affordable home loans"* added Mr Chamria.

### **About Magma Fincorp Limited**

Magma Fincorp Limited ("Magma") is a non-deposit taking non-banking finance company (NBFC), registered with the Reserve Bank of India (RBI) as an Asset Finance Company. The Company, having started operations over two decades back, is listed on the Bombay Stock Exchange Limited and the National Stock Exchange in India.

Magma provides a bouquet of financial products including financing of Utility Vehicles & Cars, Commercial Vehicles, Construction Equipment, Used Commercial Vehicles, Tractors and SME Loans. It also operates in Affordable Housing Finance and General Insurance segments. Magma has a dedicated base of around 5 Lac active customers. The company operates through 297 branches in 25 states / UT and employs around 9000 people.

[www.magma.co.in](http://www.magma.co.in)