

Magma Fincorp Ltd. – Q2 FY 17 result

52 bps improvement in NIM leads to PAT of Rs 50.6 crore

Kolkata, 3 November 2016: Leading BFSI company, Magma Fincorp Ltd today announced the Q2 FY17 unaudited results that reflected a healthy increase of 52 bps YoY in Net Income Margin (“NIM”) to 7.36%, which drove an increase in profits before tax (PBT) to Rs 76.6 crore and profit after tax (PAT) to Rs 50.6 crore respectively. Company’s Assets under Management has been reported at Rs 17,600 crore as on 30 September.

The company continued to focus on profitable growth through increased business in agriculture (tractors), used assets, mortgage and burgeoning SME segments. These four segments now contribute 67% of total disbursements and 60% of total loan book. The improvement in NIM is in keeping with the company’s decision to consciously alter its product and customer mix to improve the margins significantly over a period of time. Similarly, the revised processes and investment in technology and deeper penetration into rural markets has led to productivity improvement and reduction in opex.

With normal monsoons, increase in Minimum Support Prices of the Agricultural Commodities and onset of festival season, the company expects to grow the disbursements in the second half of the year and start building the AUM again and set the platform for a good growth next fiscal year.

On the collection front, adoption of new structure across the business verticals which is based on branch banking model has helped in containing net roll-forwards over 90dpd. The company has also been able to significantly improve the asset quality originated in the past 12 months which is corroborated by improvement in the collection efficiency which is up 2% yoy to 97%.

The Company has announced a change in its top management team. Mr Atul Bansal, Chief Financial Officer (CFO) of the Company has resigned to pursue other opportunities. The Board has appointed Mr Kailash Baheti, working with the Company as Chief Strategy Officer as the new CFO. Mr Baheti has over 30 years of experience spread across manufacturing and financial services industries. He has been working with the Company for over 5 years and has a deep understanding of all the businesses in the group.

Commenting on the company’s performance, Mr Sanjay Chamria, Vice Chairman and MD, Magma Fincorp Limited said, “We have yet again exhibited resilience in our performance despite the industry odds still not favourable. We continued to improve the share of used assets, tractors, SME and mortgage in our product portfolio and their share has now increased to 60% of total loan book while disbursement during the quarter in these assets have contributed 67% of total disbursements.

With increased contribution of our focus high margin products NIMs grew 52 bps yoy to 7.36 % in Q2. We expect NIM for full year FY17 to be above 7%. As a result of improved NIMs and marginally lower opex, our PAT has increased 4% yoy to Rs. 50.6 crs.

We expect better results with an improving rural economy going forward in H2 of FY17” Added Mr Chamria.

About Magma: 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.



PRESS RELEASE

Magma provides a bouquet of financial products including commercial finance, agri finance, SME finance and mortgage finance and has a general insurance subsidiary. Magma with a focus on Rurban India has widespread coverage with presence across 1, 900 Talukas and 2,900 Locations. Magma has a dedicated base of around 7 lac plus customer profile and manages a Loan book of Rs 17600 crore. The company has 268 branches in 22 states / UT and employs around 8800 people.