

Magma Fincorp Ltd. – Q4 FY 18 highlights
Disbursals up by 51%, NIM at 9.70%, up 212 bps
Q4 PAT at 71.5 crs.

Mumbai, 9th May, 2018: Leading asset finance company, Magma Fincorp Limited today announced the Q4 and FY 18 results that reflected robust growth in topline as well as PAT. The highlights for the year were the impressive growth in Q4 disbursals for all businesses lines, robust collection and significant reduction in NPA. The Q4 FY 18 disbursals grew by 51% and NIM for the quarter was recorded at 9.7%, up 212 bps, on YOY basis. On back of higher Earning assets and lower Cost of Funds, the company recorded Profit After Tax (PAT) for Q4 at Rs 71.5 crs, and for the full year, at Rs 230.4 crs. The all-round performance has laid a solid foundation for a significantly higher growth in FY19.

Magma's ABF disbursements recorded a growth of 58% YOY. As per Magma's stated strategy, growth was led by Used assets at 77% YOY, followed by Commercial Vehicles at 174% and Construction Equipment at 93%. Magma also increased Tractors disbursement by a moderate 29%. Further, the current model of branch banking and deeper touch with the existing customers by the field executives has resulted in higher share of direct business at 37% of overall disbursals compared to 26% in FY 17.

Unsecured SME lending continued to perform well during FY18 in spite of two adverse impacts, first of demonetization and thereafter the GST roll out, and has achieved YOY disbursement growth of 41%. This division continues to produce the highest RoA on a consistent basis. During the year the company expanded SME lending coverage to 61 branches from 50 branches in FY17. The company intends to move deeper with focus to the Tier II and III towns within the existing ABF network and increase contribution of Direct Sourcing.

In the mortgage business, Magma adopted the Mantra of Go Direct, Go Home Loan and Go affordable. The company successfully reduced its average ticket size to Rs. 12-13 lacs catering mainly to the affordable housing segment. Magma today operates in the ticket size of Rs. 5.0 lacs to Rs. 30 lacs and max up to Rs. 50 lacs in Home Loans segment. Overall, in Home Finance business, the company was able to register a disbursement growth of 23% YOY in FY18

The General Insurance business of Magma HDI General Insurance Co Ltd. (joint venture of Magma Fincorp and HDI Global of Germany) registered an overall growth of 32.5% during the year and 47% for Q4FY18 in its Gross Written Premium. The company improved its combined ratio from 123.8% to 120.7% during the year and achieving 114.3% during Q4.

Remarkable improvement in the asset quality was the highlight of the year, the Company achieved significant reduction in GNPA and NNPA's despite adopting to 90 DPD regime. The GNPA at 90 dpd stands at 7.0% as on 31 March 2018. For like to like comparison, the number at 90dpd was at 8.8% as on 31.03.2017. Similarly, company's NNPA has come down to 5.2% as on 31st March 2018 against 7.5% as on 31 March 2017. The PCR at 90dpd stands at 27.2%, compared to 17.7% at 120dpd as on 31st March 2017.

The total Capital Risk Adequacy Ratio (CRAR) for FY18 was 20.7 %, against the RBI stipulated norm of 15% for non-deposit taking Asset Finance Companies. The recent capital infusion through Qualified Institutional Placement has further strengthen our Tier 1 capital adequacy and currently its stands at around 25.4.

The company, to enhance customer experience and continuous customer engagement has undertaken series of initiatives like, Automated credit decisioning, 360 degree customer view across all business, best in class customer onboarding experience using India stack, enhancing available modes of payments through, wallets, payment banks, UPI, net banking and gradually moving to e-communication to name a few.

Commentating on the company's performance, **Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited** said, "I feel extremely happy to share that Financial Year 2018 has been an excellent year for the Company. We are focused on financing to the bottom of the pyramid as our ABF, LAP and SME businesses provide means of earning to the rural area. While our top line grew significantly on all businesses, the collections performance was extremely heartening. The combined efforts of the team led to a great Q4 and I am confident we will be able to maintain the momentum and accelerate in FY19.

The Government is focused on uplifting the rural economy and strengthening of the agriculture sector, which coupled with the IMD's prediction of normal rainfall this year is expected to boost rural economy in FY 2019. Envisaging this vast opportunity and to make ourselves growth ready, we raised additional capital of Rs 500 crs at the beginning of the Financial Year 2019 through Qualified Institutional Placement(QIP). The QIP received overwhelming response from many renowned and marquee institutional investors. We believe that the long term trends during next few years, due to formalization of the economy and democratization of access to credit will present a tremendous growth opportunity for financial services. With rural reach, our customer centric approach, and stronger capital base, we are uniquely positioned amongst NBFCs to leverage on this opportunity." 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 commercial finance, agri finance, SME finance and mortgage finance and has a general insurance subsidiary. Magma with a focus on Rural and Semi-urban sector has a widespread coverage with a presence across 305 Branches. Magma has a dedicated base of around 9 lakh plus active customers and manages a Loan book of Rs 15555 crore.

www.magma.co.in