

Magma Fincorp Limited
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July 12, 2011

The Secretary,
Corporate Relationship Department,
Bombay Stock Exchange Limited,
25th 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)

Dear Sir,

Sub: Press Release in respect of Unaudited Financial Results for the First Quarter ended 30th June, 2011.

Enclosed herewith please find the Press Release on the Performance of the Company for the First Quarter ended 30th June, 2011.

This is for your information and record.

Thanking You,

Yours faithfully,
For **MAGMA FINCORP LIMITED**

A handwritten signature in black ink, appearing to read "Girish", written over a horizontal line.

Girish Bhatia
(Company Secretary)

Q1, FY12

Magma Fincorp Disbursals up 36%

Registers 23% growth in Revenue

Collection Efficiency at 100.1%

NIM @ 4.6%,

Contribution of High Yield Products at 22%

AUM Rs 11030 crore as on 30 June 2011

Kolkata, 12 July 2011: The first quarter results of Magma Fincorp Limited reflected strong growth in business disbursals of the company along with growth in revenues, Assets under Management (AUM) over corresponding quarter last year. The disbursements grew at a robust 36% to Rs 1422.0 crores while revenue increased 23% to Rs 221.1 crore. In spite of an increasing Cost of funds environ, the company improved its NIM from 4.4% in Q4 to 4.6% in Q1 and also ensured to increase yields in all product segments which was higher by 104 bps on a blended basis during the quarter in comparison to Q4 of the last fy. The company recorded Profit before Tax (PBT) of Rs 25.38 crore and Profit after Tax (PAT) of Rs 17.13 crore respectively.

The AUM as on 30 June 2011 was Rs 11030 crore

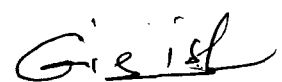
During the quarter the company raised equity of Rs.439 crores from KKR and IFC Washington with a view to enhance its ability to grow assets on its own balance sheet rather than the hitherto followed securitization model. In line with this perspective the Company did not resort to any sale of its receivables during the quarter and intends using the securitization model more as a Treasury activity rather as a funding tool.

Despite ten rounds of increase by the RBI in Policy rates in the past 15 months, it is remarkable that Magma was able to improve the NIM in all product segments in Q1. The management feels the interest rates have almost peaked and discontinuation of the securitization and assignment of receivables model will help the company build its , own book of assets at a healthy NIM, apart from ensuring consistently growing income in the quarters to come.

The Company also announced change in accounting policy, in tune with IFRS norms with respect to amortization of income and expenses spread across the entire tenure of the contract instead of recognising the same upfront which is a reason for marginal decrease in Net profits. During the previous corresponding quarter, income generated through securitization was 27 crore while this quarter the same is NIL considering that the company did not sell any part of its receivables.

Commenting on the company's performance, **Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited** said, "Magma has performed very well despite the industry slowing down. Due to the rising interest costs, increase in fuel price and input costs, the growth in the primary sales has been sluggish. Magma however, responded very well to the challenges and increased disbursals by 36%. The contribution of high yield products to the company's business too increased to 22% against 16% in the

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For MAGMA FINCORP LIMITED



GIRISH BHATIA
Company Secretary

corresponding quarter last year. This along with superior Treasury Management and efficiency in handling cost of funds and focus on ensuring appropriate returns, ensured we achieved NIM of 4.6% which is above 4.4% achieved in the immediate past quarter.. *Collections continue to be our strong area with a Collections Efficiency of 100.1%. This superb performance reflects our portfolio quality and supreme confidence in the process pertaining to various aspects of our business including the underwriting norms. On account of stringent write off policies and exemplary collections focus, Magma continues to have ZERO Gross and Net NPA/s.*"

"The company aims to grow at a faster pace in the Q2 by focusing on both core and high yield products. We will also open 25-30 new offices in the coming months to be able to reach deeper. With these new focus, Magma is now at the cusp of an explosive growth and is looking to grow its disbursements by 50% during FY 12 with specific focus on the High yield segments of tractors, used CVs and SME segment. The High yield segment is targeted to contribute 25% of the disbursements for the year which will also help in improving our NIM.

About Magma Fincorp Limited

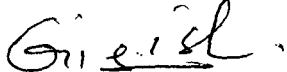
Magma Fincorp Limited ("Magma") is a non-deposit taking non-banking finance company (NBFC), registered with the Reserve Bank of India (RBI) as an Asset Finance Company. The Company, having started operations over two decades back, is listed on the Bombay Stock Exchange Limited and the National Stock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

Magma provides a bouquet of financial products including financing of Utility Vehicles & Cars, Commercial Vehicles, Construction Equipments, Tractors and SME Loans. Magma has a dedicated base of around 2.5 lac customers and has assets of INR 11030 crores under management. The company has 172 branches in 20 states and 1 union territory and employs about 5050 people.

Magma has signed a joint venture with HDI Gerling, part of Talanx Group, Germany's third largest insurance group to start a general insurance company in India, which since has received R1 license from the insurance regulator.

For more information, please contact
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GIRISH BHATIA
Company Secretary