

Magma Fincorp Limited
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01 August 2019

The Secretary,
Corporate Relationship Department,
BSE 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)

Sub: Press Release in respect of Unaudited Financial Results for the quarter ended 30 June 2019

Dear Sir,

Enclosed herewith the Press Release on the Performance of the Company for the quarter ended 30 June 2019.

This is for your information and record.

Thanking You,

**Yours faithfully,
For Magma Fincorp Limited**


**Shabnum Zaman
Company Secretary**

Encl: as above

Magma Fincorp Q1FY20 AUM up by 9% YoY, Disbursements Up 12% YoY, GNPAs reduce 370 bps YoY

Kolkata, 1 August 2019: Mumbai-based asset finance company, Magma Fincorp Limited today announced Q1FY20 results.

It has been 10 months, yet the dry liquidity spell which started from the second half of FY 19, has not fully mitigated. While the risk on balance sheets of retail NBFCs is very well managed, the sectoral risk aversion by lenders has adversely impacted the liquidity tap. In times such as these, business continuance and asset quality are primary imperatives. The company is pleased to inform that despite sectoral headwinds, Magma has emerged strongly as one of those few NBFCs which showed resilience of character by recording strong operating performance - be it growth or more importantly quality of growth.

The company recorded strong operating performance and reported disbursal growth of 12% YoY to Rs 2066 Crs. The AUM increased 9% YoY to Rs 17312 Crs. Net NPAs declined to 3.3% compared to 4.4% in Q1 FY19, a drop of 25%. Given the prevailing environment, the company excelled in all the operating parameters.

In such tight liquidity conditions, Magma continued its disbursement as usual. However, there has been a sharp increase in cost of funds impacting NIMs by 108 bps YoY to 7.5%. Further, collections in Q1 is seasonally weak for retail NBFCs. Under IndAS accounting, this results in significantly higher provision for credit cost for the quarter, which normally gets recovered in subsequent quarters. The two events together led to a lower PAT of Rs 11 Crs in Q1 FY20 against Rs. 68 Crs in Q1FY19.

The Company also well controlled its opex which now stands at 4.1% Vs 4.2% of AUM on YoY basis. The company is further taking deep steps for absolute Opex reduction, which should be visible in ensuing quarters.

In the vehicle finance business, the company continued to build on the focus product - Used assets, which grew by 47% YoY. Used assets now contribute to 30% of ABF AUM.

Magma Housing Finance, the 100% affordable housing finance subsidiary, has transformed into a national scale affordable HFC. Disbursements grew by 136% over last year with the strategy of direct customer acquisition fostering deeper relationships and focusing on affordable housing loans.

Magma's SME Finance business held on to the disbursal levels and exercised prudence of asset quality over growth given the tough macroeconomic conditions of stretched working capital cycles. The primary focus has been on quality origination.



Magma HDI General Insurance, the general insurance JV, registered a growth of 54.7% in Gross Direct Premium in Q1FY20, driven by a strong momentum in retail and commercial business verticals. The OEM relationship's business is ramping up month on month, contributing 15.4% of Q1FY19 GWP. Health continues to be area of focus with an objective of building a profitable portfolio comprising benefit and indemnity products both on the retail and group platform.

Commenting on Magma Fincorp's performance, **Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited** said, "Given the external liquidity environment, Magma has established tremendous credence with liquidity availability and business growth qualitatively. Given the current headwinds, the company has registered strong operating performance on growth, asset quality and opex. We have put in place a strategy for NIM expansion which will play out in the rest of the fiscal."

"We are taking a lot of initiatives to reduce Opex significantly and improve asset quality. We are strengthening our balance sheet with superior asset quality, better ALM with more long term and stable borrowing. I am confident of our trajectory towards profitable growth," added Mr Chamria.

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) as an Asset Finance Company. 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 and mortgage finance and has a general insurance subsidiary. Magma is focused on the rural and semi-urban sector with a widespread coverage and presence across 316 Branches. Magma customer base has crossed 2.4 million and manages a loan book of Rs 17,312 crores.

www.magma.co.in

For more information please log on to: www.magma.co.in