



For Immediate Release

PRESS RELEASE

**Magma Fincorp Ltd. – Q2 FY 18 highlights**  
**PAT at 49 crore, NIM up 100 bps YoY to 8.4%**

**Mumbai, 9th November 2017:** Leading asset finance company, Magma Fincorp Limited (Magma) today announced the Q2FY18 unaudited results, which reflected continued improvement in key performance parameters. Net Interest Margin (NIM) for the quarter stood at a healthy 8.4%, on back of 3<sup>rd</sup> consecutive quarter reduction in absolute net NPAs and in the cost of borrowings. Profit after Tax (PAT) at Rs 49 crore grew by 8.5% sequentially.

The Company made NPA provision of Rs.75 crore in Q2 FY18 against Rs.91 crore in Q1 FY18. This provision includes proportionate additional provision of Rs.7.9 cr, for migration to 90 days past due (dpd) by March 2018. The Provision Coverage ratio improved to 24% compared to 20% in Q1 FY 18.

In Asset Backed Finance business, the disbursement grew sequentially by 11.5%, led by 25% growth in used assets and 102% growth in Commercial Vehicle. In line with the strategic initiative to de-risk the portfolio concentration, the tractor disbursement de-grew by 13% qoq.

In mortgage business, the Company has shifted its focus to growing affordable home loan book by leveraging on the Pradhan Mantri Awas Yojna (PMAY) and Credit Linked Subsidy Scheme (CLSS), riding on its reach in the rural and semi-urban India through its 300+ branch network. Affordable home loan disbursements grew by 26% qoq, while disbursement in Loan against Property (LAP) remained stable for the quarter. There was a 20% improvement in direct sourcing, which increased from 26% in Q1FY18 to 32% in Q2FY18. The Average Ticket Size (ATS) remained stable at Rs. 13 lacs, and 88% of the disbursements has been in ticket size of below Rs. 25 lacs.

In spite of two consecutive short term disruptions, i.e., demonetization and GST, SME business disbursement grew 20% sequentially, and continued on its path of profitability and credit quality. The company expects to continue the growth trajectory in next quarter by adopting geo cluster based focused penetration and increased rural reach. Implementation of GST is expected to be big credit enabler for Company's SME business.

The Board of the Company has approved capital raise up to a sum of Rs. 750 Cr., subject to approval of shareholders of the Company and other required statutory approvals.

Commenting on the company's performance, Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited said, "With the Implementation of GST, India has entered into a new phase in indirect taxation. However in the near term some transitional disruption is visible in the unorganized and SME sectors. Government is relentlessly focusing on infra spending to

improve economic growth and has announced big ticket mega projects like bharat-mala & sagar-mala. The Government has also made big allocation for Prime Minister Awas Yogna and Credit Linked Subsidy Scheme push affordable housing. These initiatives are big positives for rural income and rural demand”.

“With our wide range of product offering from vehicle finance, Affordable home loans, SME to General Insurance, along with the structural changes undertaken by us over past eighteen months, we are confident to leverage on these emerging opportunities”.

#### 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 300 branches in 25 states / UT and employs about 9000 people.

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