

Magma Fincorp Ltd. – Q4 FY 16 highlights
PAT up 22% to Rs 66.0 crore, PBT up 45% to Rs 101.5 crore
NIM up by 109 bps to 7.5%
Records PAT of Rs 213.5 crore for FY16, up 14%

Kolkata, 12th May, 2016: On the backdrop of a challenging business environment, Leading Asset Finance Company, Magma Fincorp Ltd. today announced a steady performance in Q4 and FY16. There is significant improvement in at-least four important areas including PBT, PAT, NIM and Opex ratio both for Q4 as well as for the year ended 31st March 2016. While Profit Before Tax (PBT) for Q4 recorded a 45% jump to Rs 101.5 crore, (for FY16 - Rs 305.8 crore, up 37%), the company achieved a PAT (Profit After Tax) of Rs 66 crore for Q4 (up 22%) and Rs 213.5 crore (up 14%) for FY16 respectively.

Magma continued to improve the share of used assets, tractors, SME and mortgage in the product portfolio and their share increased to 58% of total loan book, during Q4 these assets have contributed 69% of total disbursements. Together with prudent mix of products and better management of Cost of Fund, Magma was able to significantly improve Net Interest Margins to 7.5% in Q4, up by a staggering 109 bps. For the year, NIM was at 7%, up by 81 bps.

Magma maintained a loan book at Rs. 18,183 crore with a marginal drop on qoq and yoy basis. This follows the company's decision to focus on quality origination and profitable growth rather than topline numbers. With a significant change in business structure that focused on direct sourcing and localized service to customers, Magma now expects to start growing the book again, stabilizing and yielding higher yields and superior quality.

Commenting on the company's performance, **Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited** said, "The various initiatives implemented over last one year comprising increased usage of technology, implementation of a new business structure and an alignment of product-geography focus has resulted in improvement in our performance in Q4 significantly. We increased our Revenue, PBT, PAT, NIM and Opex ratio thereby registering best ever profit figures for the company in a year in FY16.

Magma has also experienced improvement in collections during Q4 both due to gradual improvement in market scenario as well as better efficiency of the new structure. In fact, after a long time, we have achieved stabilisation of NPAs during this period and I hope that the scenario will continue for next few months and later with normal monsoon, we start experiencing reduction in the NPAs.

Our credit cost remained unchanged at Rs 99 crs qoq. On the 120 dpd recognition basis both the GNPA and the NNPA are largely unchanged at 8.05% and 6.44% respectively qoq. The company continues to be ahead of the RBI NPA guidelines and has made provisions on the basis of 120 dpd which makes us compliant with the requirements coming effective FY17.

We could also improve opex/AUM ratio (from 3.9% in Q4 FY15 to 3.1% in Q4 FY16) and the opex/NII ratio (from 60.2% in Q4 FY15 to 42.2% in Q4 FY16). Magma's Opex/AUM has dropped from 3.7% in FY 15 to 3.4% in FY 16," 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 1,900 Talukas and 2,900 Locations. Magma has a live base of about 7 (seven) Lac plus customers and manages a Loan book of Rs 18,183 crore. The company has 234 branches in 21 states / 1 UT and employs 9,073 people.

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www.magma.co.in**