

Magma Fincorp Limited
Regd. Office
Magma House
24 Park Street, Kolkata 700 016
Tel : 91 33 4401 7350 / 7200
Fax : 91 33 4401 7313
CIN : L51504WB1978PLC031813
Web : www.magma.co.in



11 May 2017

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 Audited Financial Results for the quarter and year ended 31 March 2017

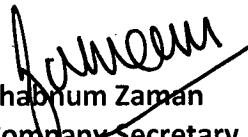
Dear Sir,

Enclosed herewith please find the Press Release on the Performance of the Company for the quarter and year ended 31 March 2017.

This is for your information and record.

Thanking You,

Yours faithfully,
For Magma Fincorp Limited


Shaonum Zaman
Company Secretary
ACS No. 13918

Encl: as above

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For Immediate release

PRESS RELEASE

Q4 and FY17 performance Magma Fincorp to bounce back in new financial year

Mumbai, 11th May 2017: Q4FY 17 and FY17 was a watershed quarter and year for Magma Fincorp Ltd with substantial cleanup of the old NPAs and launch of many new initiatives under a new and stronger leadership team. With this, the company is confident of a much superior performance in FY18.

FY17, especially the latter half of the year was characterized by extraordinary impacts of demonetization and of NPA sale by the company. While it has impacted the profitability for the year as a whole, the company has emerged much stronger with a healthier Balance Sheet as on 1st April 2017.

Magma during April 2017 also shifted the corporate office to Mumbai and now the leadership team operates out of the new office located at the heart of the financial capital of India. This will lead to much better coordination and collaboration and permit better interface with the industry players and OEMs.

Asset Backed Finance (ABF) business under its new leadership has taken many initiatives to return to the path of healthy growth with clear focus on portfolio quality. Several initiatives have been launched in the areas of business origination, underwriting, receivables management, and hygiene and efficiency enhancement. With these initiatives, Magma expects ABF business to register a superior performance in FY18.

In the Mortgages business, the company made a significant transition to lower ticket loans in FY17. With this transition being completed now, the company expects steady growth in the business going forward. The push to affordable housing by the Government of India will further boost company's current housing strategy.

SME continued to remain a bright spot for the Company. With better yields and lower credit cost, Expansion of SME business to tier 2/3 towns from existing Magma branches, new product launches and direct sourcing from existing client base will further bolster SME performance.

Magma's insurance business too has turned the corner in FY17. With the entire leadership team based out of its Head office in Mumbai, MHDI is looking forward to a healthy growth in FY18 by launching new products and servicing the customers and agents through tech-enabled platforms in a cost-efficient manner.



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Q4 FY17 performance:

In Q4, FY17 Magma reported a loss of Rs 122 crore and a lower profit of Rs 13 crore for FY17. Loss on account of NPA sale of Rs 678 crores impacted the PAT by Rs 145 crore. However, the gross and net NPA ratios improved sharply to 6.7% and 5.6% respectively as on 31 March 2017 against 9.9% and 7.5% as on 31 December 2016.

The company reported improvement in its Net interest margin (NIM) during current quarter to 7.6% compared to 7.5% in corresponding quarter last year. Similarly, the NIM for FY17 improved to 7.4% compared to 7% in FY16. Decline in cost of funds and company's focus on better yielding products such as used asset, SME and tractors led to this margin expansion.

The company also reported collection efficiency of 102% in Q4FY17 compared to 90% in Q3FY17 reflecting significant improvement in portfolio performance. However, weak primary demand and the company's cautious approach immediately after demonetization led to lower disbursement in Q4 FY17, declining 21% yoy and 12% QoQ. Assets under management (AUM) as on 31st March 2017 stood at Rs 16,101cr which is 11% lower yoy due to lower disbursements and sale of NPAs.

Commenting on the company's performance, Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited said, "FY17 was a defining year for Magma. We disposed off our entire hard bucket NPAs and took several initiatives to embark on a profitable growth path in FY18.

While the company reported loss in Q4 FY17 and a marginal profit for the year, however, on the positive side, we continued to improve our NIMs, which for the quarter stood at 7.6% and for FY17 at 7.4%. Our collection efficiency at 102% also improved sharply compared to the last quarter.

The worst with respect to NPAs now firmly behind us. With a healthier balance sheet and a growth strategy in place, we are confident of a better performance going forward.' 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 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 284 branches in 25 states / UT and employs around 9000 people.

www.magma.co.in

