

Magma Fincorp Limited
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9 February 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 Unaudited Financial Results for the quarter ended 31 December 2016

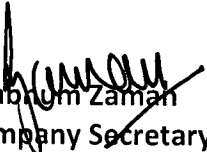
Dear Sir,

Enclosed herewith please find the Press Release on the performance of the Company for the quarter ended 31 December 2016.

This is for your information and record.

Thanking You,

Yours faithfully,
For Magma Fincorp Limited


Shaheen Zaman
Company Secretary
ACS No. 13918

Encl: as above

Magma announces PAT of Rs 36.5 crore in Q3 FY17

Mumbai, 9th February 2017: Leading asset finance company, Magma Fincorp Limited announced its Q3FY 17 results today, showing a PAT of Rs 36.5 Crore for the quarter, down from Rs 52.3 crore. Company's business during the quarter had got adversely impacted due to severe cash crunch in the hands of its borrowers subsequent to Demonetization, resulting in higher provisioning cost, higher opex, lower volumes and a compression in loan book. Weaker market sentiments, especially in rural markets post Demonetization, impacted the company's business and collections, which in turn impacted the company's profitability. However, a bright spot in its performance was an expansion in its Net Interest Margins from 7.19% to 7.37% over corresponding quarter of last year, due to lower cost of funds and increased contribution of its focus products such tractors, used assets and SME.

A good monsoon and a bumper Kharif crop would usually have augured well for a rural focussed financial services company such as Magma. However the unprecedented cash crunch during the months of November and December 2016 impacted the NBFC sector adversely. Company's collections performance especially in tractor portfolio was severely impacted as it went through a tough quarter, with its largely rural base of customers not having access to cash to pay the loan instalments. However, with remonetisation of rural economy and gradual relaxation of withdrawal limits, rural India will be better off in Q4 as they will have realizations from both Kharif and Rabi crops. Hence, we expect things to improve going ahead.

The disbursements in Q3 FY17 also suffered as a result of demonetization with decline 5% YoY and 6% QoQ.

The Government's renewed focus on the rural economy, on infrastructure, on affordable housing and significant increase in allocation of funds in MNREGA expenditure in the union budget of 2017, shall definitely help create the demand which in turn will revive the economic growth. Magma expects a much better Q4 both in terms of business and collections as the impact of Demonetisation is gradually paving way for economic growth.

Commenting on the company's performance, **Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited** said, "Our performance for the Q3 was adversely impacted due to the Demonetisation announced on 8th November 2016. We have reported a lower PAT of Rs 36.5 crore largely due to higher provisions and collection costs. Our collections was the worst hit as the rural customers did not have access to cash for pay instalments during most of November and December. However, the collection in January has recovered to pre-demonetization level. In such a challenging backdrop, we were successful in expanding our NIM due to lower cost of fund and increased contribution of higher focus products in our bouquet.

Adoption of branch banking model, implementation of risk management framework will improve the quality of our book going forward. With increased expenditure by the government in rural sector and infrastructure as proposed in the union budget, we are hopeful of an improvement in business, collections and profitability in the last quarter of the current fiscal." 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 273 branches in 22 states / UT and employs around 8,897 people.

www.magma.co.in