

Magma Fincorp Limited
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26th April, 2012

National Stock Exchange of India Limited
Exchange Plaza Bandra- Kurla Complex
Bandra (E), Mumbai-400051

SYMBOL : MAGMA

The Secretary
The Bombay Stock Exchange Limited
Corporate Relationship Department
25th floor, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

SCRIP CODE : 524000

Dear Sir,

Sub: Audited Financial Results for the year ended 31st March, 2012
Ref: Clause 20 and 41 of the Listing Agreement

This is to inform you that the Board of Directors of the Company at their Meeting held today have approved the Audited Accounts for the year ended 31.3.2012. In compliance with the provisions of Clause 20 and Clause 41 of the Listing Agreement, we are enclosing herewith Audited Financial Results of fourth quarter and financial year ended 31st March, 2012 along with the report from Joint Statutory Auditors which has been taken on record by the Board of Directors of the Company at their Meeting held today i.e. 26th April, 2012

The Board of Directors of the Company have also proposed, subject to the approval of the Shareholders at the Annual General Meeting dividend as under:

1. **On Equity Shares @ 30% i.e Rs. 0.60/- Per Equity Share of the face value of Rs.2/- each;**
2. **On Preference Shares:**
 - a) 9.7 % i.e, Rs. 9.70/- pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 80/- each for the period from 1.4.2011 to 17.2.2012 and 9.7% on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 60/- each (reduced to Rs.60/- upon redemption of 2nd instalment of Rs.20/- each per share on 17th Feb, 2012) for the period from 18.2.2012 to 31.3.2012 ;
 - b) 5 % i.e, Rs. 5/- per share dividend on 30,00,000 Cumulative Non-convertible Redeemable Preference Shares of Rs. 100 each;
 - c) 4.0585 % i.e, Rs. 4.0585/- per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 100 each;
 - d) 12% i.e, Rs. 12/- per share dividend on 25,00,000 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 100 each
 - e) 9.6% i.e, Rs. 9.60/- per share dividend on 10,00,000 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 100 each ;



f) 1.5% i.e. Rs. 1.5/- pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 100/- each for the period from 1.4.2010 to 17.2.2011 and 1.5% on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 80/- each (reduced to Rs.80/- upon redemption of 1st instalment of Rs.20/- each per share on 17th Feb, 2011) for the period from 18.2.2011 to 31.3.2011.

As required under the provisions of Clause 20 of the Listing Agreement, please find detailed below the following information:-

Sl. No	Particulars	(Rs. In Lacs)	
		For the year ended	
		31 st March, 2012	31 st March, 2011
1	Total Income	101,602.09	84,732.98
2	Gross Profit	11,165.27	19,835.17
3	Interest and Finance Charge	59,851.64	33,813.00
4	Provision for Depreciation	2,957.74	2,785.07
5	Profit before Tax	8,207.53	17,050.10
6	Provision for Tax	3,353.83	6,568.93
7	Provision for Deferred Tax	(1,470.53)	(962.15)
7	Profit after Deferred Tax	6,324.23	11,443.32
	Add: Surplus Brought Forward	16,172.70	10,191.97
	Balance Available for Appropriation	22,496.93	21,635.29
	- Statutory Reserves	1,270.00	2,290.00
	Provision for Dividend		
	- On Preference Shares	1,055.36	961.53
	- On Equity Shares	1,138.39	778.64
	- Dividend Tax	355.89	282.42
	- General Reserve	640.00	1,150.00
	Balance carried forward to next year	18,037.29	16,172.70

Further, this is to inform you that the 32nd Annual General Meeting (AGM) of the Members of the Company will be held on Thursday, the 12th day of July, 2012

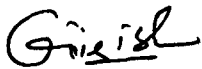
Pursuant to Clause 16 & 20 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 6th July, 2012 to Thursday, the 12th July, 2012 (both days inclusive), for the purpose of payment of dividend on Equity and Preference Shares for the year ended 31st March, 2012 and the dividend to be declared at the AGM shall be paid /dispatched on 27th July, 2012

This is for your information and record.

Kindly acknowledge receipt.

Thanking You,

Yours Faithfully,
MAGMA FINCORP LIMITED


Girish Bhatia
 (Company Secretary)
 Encl: As above

MAGMA FINCORP LIMITED

Statement of Standalone Audited Results for the Quarter and Year ended 31 March 2012

Part - I

(Rs. in lacs)

Particulars	Quarter ended			Year to date	
	31 March 2012	31 December 2011	31 March 2011	31 March 2012	31 March 2011
	Audited #	(Unaudited)	Audited #	Audited	Audited
1. Income from operations					
(a) Revenue from operations	28,440.77	25,922.06	26,141.35	97,537.02	82,401.52
Total income from operations (net)	28,440.77	25,922.06	26,141.35	97,537.02	82,401.52
2. Expenses					
(a) Employee benefits expense	4,033.37	3,441.90	3,965.57	14,901.55	13,464.99
(b) Depreciation and amortisation expense	1,053.85	632.80	662.09	2,957.74	2,785.07
(c) Contingent provision against standard assets	(80.00)	240.00	1,090.00	630.00	1,090.00
(d) Brokerage and commission	1,224.31	1,079.09	2,395.17	3,777.28	7,006.42
(e) Bad debts written-off (net)	655.26	688.07	348.34	2,711.41	2,463.29
(f) Other expenses	3,200.33	2,095.82	2,783.27	8,564.94	7,060.11
Total expenses	10,087.12	8,177.68	11,244.44	33,542.92	33,869.88
3. Profit from operations before other income and finance costs (1-2)	18,353.65	17,744.38	14,896.91	63,994.10	48,531.64
4. Other income	1,167.09	782.23	535.00	4,065.07	2,331.46
5. Profit from ordinary activities before finance costs (3+4)	19,520.74	18,526.61	15,431.91	68,059.17	50,863.10
6. Finance costs	17,718.04	16,855.26	9,161.33	59,851.64	33,813.00
7. Profit from ordinary activities before tax (5-6)	1,802.70	1,671.35	6,270.58	8,207.53	17,050.10
8. Tax expense (includes deferred tax)	(109.88)	542.76	1,985.31	1,883.30	5,606.78
9. Net Profit from ordinary activities after tax (7-8)	1,912.58	1,128.59	4,285.27	6,324.23	11,443.32
10. Paid-up equity share capital (Face value of Rs.2/- each)	3,794.64	3,794.64	2,595.47	3,794.64	2,595.47
11. Reserves and surplus	-	-	-	104,334.75	53,680.33
12. Earnings per share (not annualised)					
(a) Basic (in Rs.)	0.85	0.41	3.05	2.97	8.12
(b) Diluted (in Rs.)	0.85	0.41	2.98	2.94	7.94

See accompanying notes to the financial results

Balancing figures

Select Information for the Quarter and Year ended 31 March 2012

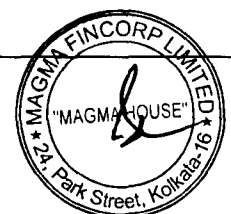
Part - II

A. PARTICULARS OF SHAREHOLDING

Particulars	Quarter ended			Year to date	
	31 March 2012	31 December 2011	31 March 2011	31 March 2012	31 March 2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Public shareholding					
- Number of shares	125,800,212	125,800,212	75,746,047	125,800,212	75,746,047
- Percentage of shareholding	66.30%	66.30%	58.37%	66.30%	58.37%
2. Promoters and Promoter group shareholding					
a) Pledged / encumbered					
- Number of shares	7,259,542	7,259,542	-	7,259,542	-
- % of shares (as a % of the total shareholding of promoter and promoter group)	11.36%	11.36%	-	11.36%	-
- % of shares (as a % of the total share capital of the Company)	3.83%	3.83%	-	3.83%	-
b) Non-encumbered					
- Number of shares	56,672,421	56,672,421	54,027,503	56,672,421	54,027,503
- % of Shares (as a % of the total shareholding of promoter and promoter group)	88.64%	88.64%	100.00%	88.64%	100.00%
- % of Shares (as a % of the total share capital of the Company)	29.87%	29.87%	41.63%	29.87%	41.63%

B. INVESTOR COMPLAINTS

Particulars	Quarter ended
	31 March 2012
Pending at the beginning of the quarter	Nil
Received during the quarter	Nil
Disposed-off during the quarter	Nil
Remaining unresolved at the end of the quarter	Nil



MAGMA FINCORP LIMITED

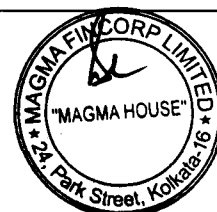
Statement of Standalone Audited Results for the Quarter and Year ended 31 March 2012

Standalone Statement of Assets and Liabilities

		(Rs. in lacs)	
Particulars		Standalone	
		As at 31 March 2012	As at 31 March 2011
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital		18,061.16	17,283.83
Reserves and surplus		104,334.75	53,680.33
Money received against equity share warrants		-	1,250.00
Sub-total - shareholders' funds		122,395.91	72,214.16
2. Non-current liabilities			
Long-term borrowings		206,517.16	102,079.38
Deferred tax liabilities (net)		2,358.87	3,829.40
Long-term provisions		2,175.04	1,455.21
Sub-total - non-current liabilities		211,051.07	107,363.99
3. Current liabilities			
Short-term borrowings		374,937.05	308,766.62
Trade payables		22,170.85	20,268.99
Other current liabilities		62,011.80	67,402.36
Short-term provisions		6,001.01	8,594.74
Sub-total - current liabilities		465,120.71	405,032.71
TOTAL - EQUITY AND LIABILITIES		798,567.69	584,610.86
B. ASSETS			
1. Non-current assets			
Fixed assets		17,880.19	18,851.67
Non-current investments		3,332.44	2,988.38
Long-term loans and advances		8,786.43	3,278.00
Other non-current assets		408,474.94	289,354.24
Sub-total - non-current assets		438,474.00	314,472.29
2. Current assets			
Inventories		-	17.17
Trade receivables		860.64	606.25
Cash and bank balances		78,909.53	85,614.48
Short-term loans and advances		9,921.85	10,611.54
Other current assets		270,401.67	173,289.13
Sub-total - current assets		360,093.69	270,138.57
TOTAL - ASSETS		798,567.69	584,610.86

Notes :

- The audited financial results have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its Meeting held on 26 April 2012.
- Figures for the three months ended 31 March 2012 and 31 March 2011 are the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the third quarter of the respective financial years. Also, the figures upto the end of the third quarter were only reviewed and not subjected to audit.
- The Board of Directors at their meeting considered and recommended an equity dividend @ 30% i.e. Rs. 0.60/- per equity share of Rs. 2/- each and a preference dividend of 9.7%, 5%, 4.06%, 9.6% and 12% for the financial year 2011-12 and @ 1.50% on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 100/- each for the financial year 2010-11, subject to approval of the shareholders.
- Pursuant to the approval given by the shareholders of the Company by way of postal ballot under Section 192A of the Companies Act, 1956 on 12 December 2011, M/s. B S R & Co., Chartered Accountants have been co-opted as Joint Auditors of the Company under Section 224 of the Companies Act, 1956 together with M/s. S. S. Kothari & Co., Chartered Accountants, present Statutory Auditors of the Company.
- The Joint Statutory Auditors have carried out audit of the current year's standalone financial results as required under Clause 41 of the Listing Agreement and have issued an unqualified opinion thereon.
- On 30 June 2011, the Company has allotted 26,854,375 equity shares of Rs.2/- each to Zend Mauritius VC Investments, Limited, Foreign body corporate (a fund within the private equity division of Kohlberg, Kravis Roberts & Co. L.P) ('KKR') and 23,000,000 equity shares of Rs.2/- each to International Finance Corporation ('IFC'), a Multilateral Development Organization, on preferential basis pursuant to provisions of Section 81(1A) of the Companies Act, 1956 and under chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at a price of Rs.88/- per equity share (including premium of Rs.86/- per share) aggregating to Rs.43,871.85 lacs.



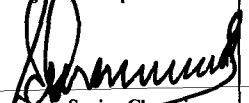


MAGMA FINCORP LIMITED

Statement of Standalone Audited Results for the Quarter and Year ended 31 March 2012

- 7] On 28 October 2011, the Company has allotted, 10,000,000 equity shares of the face value of Rs. 2/- each to Microfirm Softwares Private Limited, a promoter company at a price of Rs. 50/- per equity share (including share premium of Rs. 48/- per equity share) on receipt of balance 75% consideration amounting to Rs.3,750.00 lacs pursuant to exercise of the options attached with 10,000,000 warrants allotted to them on 30 April 2010 in terms of provisions of SEBI Guidelines for Preferential Issue (Chapter VII of the SEBI (Issue and Disclosure Requirements) Regulations, 2009).
- 8] On 29 July 2011 and 25 November 2011, the Company has allotted, 35,650 and 68,600 equity shares respectively of the face value of Rs.2/- each on preferential basis, under Magma Employee Stock Option Plan (MESOP) pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 to eligible employees of the Company.
- 9] On 1 February 2012, Nomination and Remuneration Committee of the Board of Directors has granted 250,000 options under Magma Employee Stock Option Plan 2007 (MESOP 2007) Tranche 2 to eligible employees of the Company (each Option entitled to 1 equity share of Rs.2/- each at an exercise price of Rs.60/- per share).
- 10] Mr. Shrawan Kumar Todi, Promoter Director and Vice Chairman of the Company and Mr. Ravi Todi, Promoter Director of the Company, designated as Joint Managing Director ceased to be the Directors of the Company, consequent to their resignations, w.e.f. 27 May 2011. Pursuant to their resignations and the inter-promoter transfer of their equity shareholdings, the Todi Group ceased to be a promoter of the Company w.e.f. 27 May 2011.
- 11] The Company had provided for payment of Rs.170 lacs as commission to Non-Executive Independent Directors for the financial year ended 31 March 2011 as per the provisions of Section 349 of the Companies Act, 1956. The Board of Directors, vide resolution passed on 25 April 2011, had approved payment of commission aggregating to Rs.75 lacs only thereagainst. Accordingly, the excess provision of Rs.95 lacs has been reversed during the current year with consequential impact on profit for the year.
- 12] The Company had entered into an agreement with HDI Gerling International Holding AG, now replaced with HDI-Gerling Industrie Verischerung AG, a part of the Talanx AG Group, Germany for the purpose of undertaking general insurance business in India through Magma HDI General Insurance Company Limited (the "JV Company") subject to necessary regulatory approvals. The JV Company has since received the R1 and R2 approval and is in the process of filing the R3 application with Insurance Regulatory Development Authority.
- 13] (a) With effect from 1 April 2011, the Company has decided to recognise the income i.e. excess interest spread (the difference between the interest receivable from the customer and the interest payable by the Company to the assignee of such loan receivables) arising out of assignment of receivables based on the contractual accrual of the same. This is in line with the recommended practice of the Company's principal regulator. Consequently, an amount of Rs. 2,457.26 lacs as on 31 December 2011 and an amount of Rs. 15,394.17 lacs as on 31 March 2012, being income relating to future periods has not been recognized in respective quarters and will be recognized over the tenure of the contracts assigned.
- (b) Simultaneously with the change in income recognition on assets assigned, the Company has decided to amortize upfront brokerage expenses / income pertaining to all loan originations over the tenure of the underlying contracts. This change in method of accounting is in line with international practices on recognition of loan origination costs. Consequently, net expense of Rs. 2,382.86 lacs for the current quarter, Rs. 1,626.11 lacs for the previous quarter and Rs. 6,553.89 lacs for the year is not charged off in the statement of profit and loss and is amortized over the tenor of the contracts.
- (c) In view of the changes in business practices and accounting policies as above, the results of the current quarter / year are not strictly comparable with the corresponding quarter / year.
- 14] The Reserve Bank of India (RBI) vide its Notification No. DNBS. 223/CGM (US) – 2011 dated 17 January 2011 had issued directions to all NBFCs to make provision of 0.25% against standard assets. The Company has made / (reversed) provision of Rs. (80.00) lacs during the current quarter 31 March 2012, Rs. 240.00 lacs during the previous quarter 31 December 2011, Rs. 630.00 lacs during the year ended 31 March 2012 and Rs. 1,090.00 lacs during the corresponding previous quarter and year ended 31 March 2011. The above provision, in accordance with RBI guideline is included in Tier II Capital.
- 15] The Company is primarily engaged in the business of financing in India and as such no separate information is required to be furnished in terms of Accounting Standard 17 - Segment Reporting.
- 16] The above financial results have been prepared based on the revised Schedule VI notified under the Companies Act, 1956 and accordingly the previous quarter / year's figures have been reclassified in the current year in line with the consequential amendments to clause 41 of the listing agreement.

By order of the Board
For Magma Fincorp Limited



Sanjay Chandra
Vice Chairman and Managing Director

Place : Kolkata - 700 016
Dated : 26th April 2012

MAGMA FINCORP LIMITED

Statement of Consolidated Audited Results for the Quarter and Year Ended 31 March 2012

Part - I

(Rs. in lacs)

Particulars	Quarter ended			Year to date	
	31 March 2012	31 December 2011	31 March 2011	31 March 2012	31 March 2011
	(Unaudited) #	(Unaudited)	(Unaudited) #	Audited	Audited
1. Income from operations					
(a) Revenue from operations	30,264.53	27,315.40	26,442.70	103,147.59	85,602.28
Total income from operations (net)	30,264.53	27,315.40	26,442.70	103,147.59	85,602.28
2. Expenses					
(a) Employee benefits expense	4,033.37	3,441.90	3,965.57	14,901.55	13,464.99
(b) Depreciation and amortisation expense	1,053.85	632.80	662.09	2,957.74	2,785.07
(c) Contingent provision against standard assets	(100.00)	254.00	1,148.00	641.00	1,148.00
(d) Brokerage and commission	1,228.76	1,080.22	2,395.47	3,783.49	7,009.07
(e) Bad debts written-off (net)	535.51	667.08	245.18	2,433.01	2,408.43
(f) Other expenses	3,245.99	2,107.54	2,439.06	8,664.90	7,132.15
Total expenses	9,997.48	8,183.54	10,855.37	33,381.69	33,947.71
3. Profit from operations before other income and finance costs (1-2)	20,267.05	19,131.86	15,587.33	69,765.90	51,654.57
4. Other income	902.21	506.19	535.00	3,148.26	1,800.95
5. Profit from ordinary activities before finance costs (3+4)	21,169.26	19,638.05	16,122.33	72,914.16	53,455.52
6. Finance costs	18,415.91	17,581.51	9,524.18	62,542.85	35,234.54
7. Profit from ordinary activities before tax (5-6)	2,753.35	2,056.54	6,598.15	10,371.31	18,220.98
8. Tax expense (includes deferred tax)	205.41	666.99	2,104.74	2,592.19	6,006.38
9. Net Profit from ordinary activities after tax (7-8)	2,547.94	1,389.55	4,493.41	7,779.12	12,214.60
10. Minority interest	165.20	67.86	54.12	378.29	200.55
11. Net Profit after taxes and minority interest (9-10)	2,382.74	1,321.69	4,439.29	7,400.83	12,014.05
12. Paid-up equity share capital (Face value of Rs.2/- each)	3,794.64	3,794.64	2,595.47	3,794.64	2,595.47
13. Reserves and surplus	-	-	-	106,360.26	54,629.23
14. Earnings per share (not annualised)					
(a) Basic (in Rs.)	1.10	0.51	3.17	3.60	8.57
(b) Diluted (in Rs.)	1.10	0.51	3.09	3.56	8.38

See accompanying notes to the financial results

Balancing figures

Part - II

Select Information for the Quarter and Year ended 31 March 2012

A. PARTICULARS OF SHAREHOLDING

Particulars	Quarter ended			Year to date	
	31 March 2012	31 December 2011	31 March 2011	31 March 2012	31 March 2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Public shareholding					
- Number of shares	125,800,212	125,800,212	75,746,047	125,800,212	75,746,047
- Percentage of shareholding	66.30%	66.30%	58.37%	66.30%	58.37%
2. Promoters and Promoter group shareholding					
a) Pledged / encumbered					
- Number of shares	7,259,542	7,259,542	-	7,259,542	-
- % of shares (as a % of the total shareholding of promoter and promoter group)	11.36%	11.36%	-	11.36%	-
- % of shares (as a % of the total share capital of the Company)	3.83%	3.83%	-	3.83%	-
b) Non-encumbered					
- Number of shares	56,672,421	56,672,421	54,027,503	56,672,421	54,027,503
- % of Shares (as a % of the total shareholding of promoter and promoter group)	88.64%	88.64%	100.00%	88.64%	100.00%
- % of Shares (as a % of the total share capital of the Company)	29.87%	29.87%	41.63%	29.87%	41.63%

B. INVESTOR COMPLAINTS

Particulars	Quarter ended
	31 March 2012
Pending at the beginning of the quarter	Nil
Received during the quarter	Nil
Disposed-off during the quarter	Nil
Remaining unresolved at the end of the quarter	Nil



MAGMA FINCORP LIMITED

Statement of Consolidated Audited Results for the Quarter and Year Ended 31 March 2012

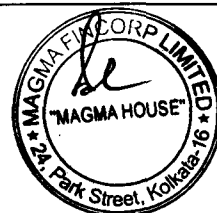
Consolidated Statement of Assets and Liabilities

(Rs. in lacs)

Particulars	Consolidated	
	As at 31 March 2012	As at 31 March 2011
A. EQUITY AND LIABILITIES		
1. Shareholders' funds		
Share capital	18,061.16	17,283.83
Reserves and surplus	106,360.26	54,629.23
Money received against equity share warrants	-	1,250.00
Sub-total - shareholders' funds	124,421.42	73,163.06
2. Minority interest	1,881.80	983.51
3. Non-current liabilities		
Long-term borrowings	211,946.16	109,545.63
Deferred tax liabilities (net)	2,336.48	3,808.96
Long-term provisions	2,244.04	1,513.21
Sub-total - non-current liabilities	216,526.68	114,867.80
4. Current liabilities		
Short-term borrowings	379,333.99	316,694.61
Trade payables	23,263.92	20,826.04
Other current liabilities	67,278.34	70,993.19
Short-term provisions	6,090.60	8,662.73
Sub-total - current liabilities	475,966.85	417,176.57
TOTAL - EQUITY AND LIABILITIES	818,796.75	606,190.94
B. ASSETS		
1. Non-current assets		
Fixed assets	17,880.19	18,851.67
Non-current investments	2.50	1,138.44
Long-term loans and advances	3,986.43	3,278.00
Other non-current assets	427,551.52	306,151.75
Sub-total - non-current assets	449,420.64	329,419.86
2. Current assets		
Inventories	-	17.17
Trade receivables	772.41	549.58
Cash and bank balances	81,005.04	85,940.01
Short-term loans and advances	10,271.76	10,718.42
Other current assets	277,326.90	179,545.90
Sub-total - current assets	369,376.11	276,771.08
TOTAL - ASSETS	818,796.75	606,190.94

Notes :

- The audited financial results have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its Meeting held on 26 April 2012.
- The consolidated financial statements have been prepared in accordance with the Accounting Standard 21 (Consolidated Financial Statements) and comprise of the financial results of Magma Fincorp Limited and its subsidiary, Magma ITL Finance Limited.
- Figures for the three months ended 31 March 2012 and 31 March 2011 are the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the third quarter of the respective financial years.
- The Board of Directors at their meeting considered and recommended an equity dividend @ 30% i.e. Rs. 0.60/- per equity share of Rs. 2/- each and a preference dividend of 9.7%, 5%, 4.06%, 9.6% and 12% for the financial year 2011-12 and @ 1.50% on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of Rs. 100/- each for the financial year 2010-11, subject to approval of the shareholders.
- Pursuant to the approval given by the shareholders of the Company by way of postal ballot under Section 192A of the Companies Act, 1956 on 12 December 2011, M/s. B S R & Co., Chartered Accountants have been co-opted as Joint Auditors of the Company under Section 224 of the Companies Act, 1956 together with M/s. S. S. Kothari & Co., Chartered Accountants, present Statutory Auditors of the Company.
- The Joint Statutory Auditors have carried out audit of the current year's standalone financial results as required under Clause 41 of the Listing Agreement and have issued an unqualified opinion thereon.
- In accordance with Clause 41 of the Listing Agreement, the Company has opted to publish consolidated financial results. The standalone results of the Company is available on the Company's website www.magma.co.in or on the websites of BSE (www.bseindia.com) or NSE (www.nseindia.com).





MAGMA FINCORP LIMITED

Statement of Consolidated Audited Results for the Quarter and Year Ended 31 March 2012

- 8] On 30 June 2011, the Company has allotted 26,854,375 equity shares of Rs.2/- each to Zend Mauritius VC Investments, Limited, Foreign body corporate (a fund within the private equity division of Kohlberg, Kravis Roberts & Co. L.P) ('KKR') and 23,000,000 equity shares of Rs.2/- each to International Finance Corporation ('IFC'), a Multilateral Development Organization, on preferential basis pursuant to provisions of Section 81(1A) of the Companies Act, 1956 and under chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at a price of Rs.88/- per equity share (including premium of Rs.86/- per share) aggregating to Rs.43,871.85 lacs.
- 9] On 28 October 2011, the Company has allotted, 10,000,000 equity shares of the face value of Rs. 2/- each to Microfirm Softwares Private Limited, a promoter company at a price of Rs. 50/- per equity share (including share premium of Rs. 48/- per equity share) on receipt of balance 75% consideration amounting to Rs.3,750.00 lacs pursuant to exercise of the options attached with 10,000,000 warrants allotted to them on 30 April 2010 in terms of provisions of SEBI Guidelines for Preferential Issue (Chapter VII of the SEBI (Issue and Disclosure Requirements) Regulations, 2009).
- 10] On 29 July 2011 and 25 November 2011, the Company has allotted, 35,650 and 68,600 equity shares respectively of the face value of Rs.2/- each on preferential basis, under Magma Employee Stock Option Plan (MESOP) pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 to eligible employees of the Company.
- 11] On 1 February 2012, Nomination and Remuneration Committee of the Board of Directors has granted 250,000 options under Magma Employee Stock Option Plan 2007 (MESOP 2007) Tranche 2 to eligible employees of the Company (each Option entitled to 1 equity share of Rs.2/- each at an exercise price of Rs.60/- per share).
- 12] Mr. Shrawan Kumar Todi, Promoter Director and Vice Chairman of the Company and Mr. Ravi Todi, Promoter Director of the Company, designated as Joint Managing Director ceased to be the Directors of the Company, consequent to their resignations, w.e.f. 27 May 2011. Pursuant to their resignations and the inter-promoter transfer of their equity shareholdings, the Todi Group ceased to be a promoter of the Company w.e.f. 27 May 2011.
- 13] The Company had provided for payment of Rs.170 lacs as commission to Non-Executive Independent Directors for the financial year ended 31 March 2011 as per the provisions of Section 349 of the Companies Act, 1956. The Board of Directors, vide resolution passed on 25 April 2011, had approved payment of commission aggregating to Rs.75 lacs only thereagainst. Accordingly, the excess provision of Rs.95 lacs has been reversed during the current year with consequential impact on profit for the year.
- 14] The Company had entered into an agreement with HDI Gerling International Holding AG, now replaced with HDI-Gerling Industrie Versicherung AG, a part of the Talanx AG Group, Germany for the purpose of undertaking general insurance business in India through Magma HDI General Insurance Company Limited (the "JV Company") subject to necessary regulatory approvals. The JV Company has since received the R1 and R2 approval and is in the process of filing the R3 application with Insurance Regulatory Development Authority.
- 15] (a) With effect from 1 April 2011, the Company has decided to recognise the income i.e. excess interest spread (the difference between the interest receivable from the customer and the interest payable by the Company to the assignee of such loan receivables) arising out of assignment of receivables based on the contractual accrual of the same. This is in line with the recommended practice of the Company's principal regulator. Consequently, an amount of Rs. 2,457.26 Lacs as on 31 December 2011 and an amount of Rs. 17,905.72 lacs as on 31 March 2012, being income relating to future periods has not been recognized in respective quarters and will be recognized over the tenure of the contracts assigned.
- (b) Simultaneously with the change in income recognition on assets assigned, the Company has decided to amortize upfront brokerage expenses / income pertaining to all loan originations over the tenure of the underlying contracts. This change in method of accounting is in line with international practices on recognition of loan origination costs. Consequently, net expense of Rs. 2,377.20 lacs for the current quarter, Rs. 1,610.85 lacs for the previous quarter and Rs. 6,506.94 lacs for the year is not charged off in the statement of profit and loss and is amortized over the tenor of the contracts.
- (c) In view of the changes in business practices and accounting policies as above, the results of the current quarter / year are not strictly comparable with the corresponding quarter / year.
- 16] The Reserve Bank of India (RBI) vide its Notification No. DNBS. 223/CGM (US) – 2011 dated 17 January 2011 had issued directions to all NBFCs to make provision of 0.25% against standard assets. The Company has made / (reversed) provision of Rs. (100.00) lacs during the current quarter ended 31 March 2012, Rs. 254.00 lacs during the previous quarter ended 31 December 2011, Rs. 641.00 lacs during the year ended 31 March 2012 and Rs. 1,148.00 lacs during the corresponding previous quarter and year ended 31 March 2011. The above contingent provision, in accordance with RBI guideline is included in Tier II Capital.
- 17] The Company is primarily engaged in the business of financing in India and as such no separate information is required to be furnished in terms of Accounting Standard 17 - Segment Reporting.
- 18] The above financial results have been prepared based on the revised Schedule VI notified under the Companies Act, 1956 and accordingly the previous quarter / year's figures have been reclassified in the current year in line with the consequential amendments to clause 41 of the listing agreement.

By order of the Board
For Magma Fincorp Limited

Sanjay Chamria
Vice Chairman and Managing Director

Place : Kolkata - 700 016
Dated : 26 April 2012

Auditor's Report to Board of Directors of Magma Fincorp Limited

We have audited the accompanying Annual Financial Results ('the Statement') of Magma Fincorp Limited ('the Company') for the year ended 31 March 2012, attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31 March 2012 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter have only been reviewed and not subjected to audit.

The financial statements and results for all comparative and prior periods included in the statement were reviewed or audited earlier by S. S. Kothari & Co., Chartered Accountants, the then sole statutory auditor of the Company whose reports have been furnished to B S R & Co., Chartered Accountants, and which have been relied upon for the purpose of our joint review of the Statement.

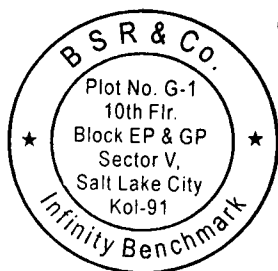
These financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results upto the end of the third quarter. Our responsibility is to express an opinion on these financial results based on our audit of the annual financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India and in compliance with Clause 41 of the Listing Agreement.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Without qualifying our opinion, we draw attention to **Note 13** of the annual financial results, regarding change in method of accounting for business origination costs and upfront incomes, including on assignment of receivables, effective 1 April 2011, and which has a significant impact on the financial results for the quarter and year ended 31 March 2012. This change in policy and method of accounting is necessary to reflect the current business model of the Company. Pursuant to the same income from assignment of receivables aggregating to Rs 15,394 lakhs for the year ended 31 March 2012, being income relating to future periods will be recognized over the tenor of the contracts assigned. Similarly, net business origination costs aggregating to Rs 6,554 lakhs, for the year ended 31 March 2012, have been deferred and amortized over the tenor of the contracts originated.

In our opinion and to the best of our information and according to the explanations given to us these financial results:

- (i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the year ended 31 March 2012.

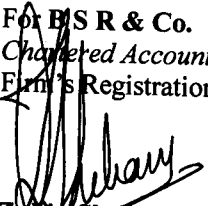


Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of clause 35 of the Listing Agreement and found the same to be correct.

For **BSR & Co.**

Chartered Accountants

Firm's Registration No.: 101248W

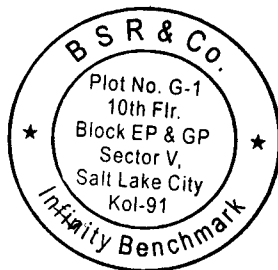

Zubin Shekary

Partner

Membership No.: 048814

Kolkata

26 April 2012



For **S. S. Kothari & Co.**

Chartered Accountants

Firm's Registration No.: 302034E



R. N. Bardhan

Partner

Membership No.: 017270

Kolkata

26 April 2012

