

Magma Fincorp Limited
Regd. Office
Magma House
24 Park Street, Kolkata 700 016
T: 91 33 4401 7350 / 7200
F: 91 33 2264 7424, 4402 7727
E: magma@magma.co.in



October 17, 2011

The Secretary,
Corporate Relationship Department,
Bombay Stock Exchange 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-400051

(Symbol - MAGMA)

Dear Sir,

Sub: Press Release in respect of Unaudited Financial Results for the Second Quarter ended 30th September, 2011

Enclosed herewith please find the Press Release on the Performance of the Company for the Second Quarter ended 30th September, 2011.

This is for your information and record.

Thanking You,

Yours Faithfully,

For MAGMA FINCORP LIMITED

A handwritten signature in black ink, appearing to read "Girish Bhatia", written over a horizontal line.

Girish Bhatia

Company Secretary

Q2, FY12

Magma Fincorp Disbursals up 37%, PAT at 21.28 cr

Collection Efficiency at 99.5%
Contribution of High Yield Products at 23%
Total Income increases by 27%
AUM Rs 11378 crore as on 30th September, 2011

Kolkata, 17th October, 2011: Leading asset finance company, Magma Fincorp Limited announced the Q2, FY 12 results today, that reflected strong growth in business disbursals and Assets under Management (AUM) over corresponding quarter of the last year. The disbursements grew at a robust 37% to Rs 1558 crores, riding high on the performances across product categories.

The company recorded Profit before Tax (PBT) of Rs 30.24 crore and Profit after Tax (PAT) of Rs 21.28 crore respectively in Q2, which is higher by 19% and 24% respectively compared to the Q1 of the current fiscal. The income of the company grew by 27% to Rs 251.94 crore compared to the corresponding period of the last fiscal. The Net spreads of the company stood at 4.4% for H1, 2011-12.

With a disbursement of Rs 2980 crore in H1, Magma witnessed a 36% growth compared to the corresponding period of the last financial year.

The AUM as on 30th September, 2011 was Rs 11378 crore as compared to Rs 9688 crore as on 30th September, 2010.

Commenting on the company's performance, **Mr Sanjay Chamria, Vice Chairman and Managing Director, Magma Fincorp Limited** said, "We have shown a strong growth trajectory in majority of our products, despite a slowdown in the industry, rise in fuel costs and repeated interest rate hikes by the central bank. The disbursements for the quarter witnessed an encouraging growth of 37%. Our Collection performance has continued to be a major strength having recorded 99.5% efficiency in Q2. We have been able to improve the share of high yield products in the overall disbursement to 23% as against 18% recorded in Q2, FY 11."

The company recorded strong growth in Car, Construction equipment, Suvidha (Refinance), Tractor and SME finance during the quarter under review compared to the corresponding period last year. While Car finance grew by 82%, Tractor and SME finance grew by 71% & 66% respectively. Construction & Strategic Construction business grew by 27% during this period. The company recorded 99% growth in Suvidha (Refinance).

"As the second half of the year usually contributes to 60% of the annual volume, we have chartered an aggressive pan India growth plan to increase our volumes considerably in FY 12. We have already opened 19 branches so far and will open another 6 in the coming months to reach out to a larger segment of customers" added **Mr Chamria**.

The company has recently changed its accounting policy in tune with IFRS norms, with respect to amortization of securitization income and brokerage expenses pertaining to origination spread across the entire tenure of the contract instead of recognising the same upfront which is a reason for marginal decrease in Net profits. Since the



interest rates have peaked, discontinuation of the securitization and assignment of receivables model will help the company build its own book of assets at healthy Spreads, apart from ensuring consistently growing income in the quarters to come.

As a well thought out policy the company has been continuously building assets on its balance sheet and not selling the assets in view of very comfortable CRAR and it will be pursued henceforth as a treasury tool rather than as business strategy. This has resulted in the company's on - balance sheet asset on finance growing remarkably by 75% over 30th September, 2010.

In view of the all round robust performance of the company evidenced by healthy spreads, excellent asset quality, stable management team, expanding distribution network and increase in capital funds resulting in improved CRAR, the rating agency CARE has recently upgraded the credit ratings of Magma Fincorp Limited for all its debt obligations. Magma has an established and impeccable track-record towards timely payment of all its debt Obligations. The revised ratings are as under:

Rating for Bank facilities - upgraded from CARE AA to CARE AA+

Rating for Subordinated Debt - upgraded from CARE AA- to CARE AA

Rating for Perpetual Debt Instrument - upgraded from CARE A+ to CARE AA-

Rating for Secured Long Term Debt - upgraded from CARE AA to CARE AA+

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 Equipments, Tractors and SME Loans. Magma has a dedicated base of around 2.6 lac customers and has assets of INR 11378 crores under management. The company has 190 branches in 20 states and 1 union territory and employs over 5000 people.

Magma has signed a joint venture with HDI Gerling, part of Talanx Group, Germany's third largest insurance group to start a general insurance company in India, which since has received R1 license from the insurance regulator.

www.magma.co.in

Connect with us @

 www.facebook.com/magmafincorp |  www.linkedin.com/company/magma-fincorp-ltd |  www.twitter.com/magmafincorpltd

For more information, please contact

Kaushik Sinha

Vice President

Magma Fincorp Limited

Phone: +91 33 44017373

Email: ksinha@magma.co.in

Sreeraj Mitra

Magma Fincorp Limited

Phone: 9007307884

Email: mitra.sre@magma.co.in

Certified To Be True Copy
For MAGMA FINCORP LIMITED


GIRISH BHATIA
Company Secretary