



Magma Fincorp Limited
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October 31, 2013

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)

Dear Sir,

Sub: Press Release in respect of Unaudited Financial Results for the quarter ended 30th September, 2013

Enclosed herewith please find the Press Release on the Performance of the Company for the quarter ended 30th September, 2013.

This is for your information and record.

Thanking You,

Yours faithfully,
For **Magma Fincorp Limited**

Jitendra Maheshwari
Senior Manager-Secretarial

Magma Fincorp Ltd. – Q2 FY 14 highlights
Revenue up 28%, PAT up 14%, NIS up by 102 bps
Loan assets increase 23% over Q2 FY 13

Kolkata, 31 October 2013: Leading asset finance company, Magma Fincorp Limited today announced the Q2FY14 Consolidated results that reflected steady growth in revenue and profits despite a severe slowdown in the economy. Backed by a robust increase in spreads, the company reported gross revenues of Rs 511 crore in Q2 FY14, 28% higher than Rs 398 crores reported in Q2 FY13, and PAT of Rs 32.2 crore in Q2 FY14, 14% higher than Rs 28.2 crores reported in Q2 FY13. The company's loan book increased by 23% yoy to Rs 16,698 crores and capital adequacy stood at 16.1% as on 30 September 2013.

The company registered a Net Interest Spread (NIS) of 5.71% for the quarter against 4.69% in Q2 FY13. The Company, having early adopted the draft recommendations of the Usha Thorat committee, makes provisions for NPAs at 120 dpd against the regulatory requirement of 180 dpd. The impact of higher NPA provisioning was partly cushioned by the 102 bps increase in NIS and 34% growth in earning loan assets. Additionally, the company has also made higher standard asset provisioning at 0.30% against 0.25% mandated by the regulator.

On a YTD basis, Magma recorded 36% increase in revenue at Rs 1,021 crs and PAT of 77.6 crs, up 27% over H1 of FY12.

The performance is commendable in the backdrop of a challenging economic environment wherein primary sales numbers of major products like cars, commercial vehicles and construction equipment have dropped drastically. The impact of fuel price hikes and inflation coupled with subdued commercial activity have resulted in lower utilisation of earning assets and temporary cash flow constraints across all customer segments. As a result, the company has made NPA provisions of Rs 74 crores for H1 FY14. While assisting customers who want more time to pay instalments, the company recognises NPA in its books as per original repayment schedule and does not restructure any contract in its books.

Commenting on the company's performance, **Mr Sanjay Chamria, VC and MD, Magma Fincorp Limited** said, "In the back drop of a tough economic environment and inconsistent cash flows in our customer's hands we remain focussed on improving our profitability and portfolio quality. Being consistent with this focus, we have improved our net spreads by 102 bps yoy and continue to work on our portfolio quality."

"On the asset quality front, in line with our conservative approach to loss accounting, we have made a significant amount of provisioning for NPAs in the last two quarters. With the monsoons doing well and expectations of an uptick in commercial activity post monsoons, we expect the economic environment to improve and cash flows in the customers hand to stabilise. The second half of the year normally sees an improvement in collections and we expect an improvement in collection efficiency across all products in the coming quarters", 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 has also entered Affordable Housing Finance, General Insurance and Gold Loans segments. Magma has a dedicated base of around 4.4 lakh active customers. The company has 279 branches in 21 states / 1 UT and employs around 8,300 people.

www.magma.co.in

For more details, please contact;
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For MAGMA FINCORP LIMITED


Authorised Signatory