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

MAGMA
Investing in the smallest dream

June 26, 2013

The Secretary,
Corporate Relationship Department,
Bombay Stock Exchange Limited **(Company Code - 524000)**
25th Floor, P. J. Towers, Dalal Street, Fort,
Mumbai - 400 001

Manager,
Listing Department,
National Stock Exchange of India Limited
"Exchange Plaza", **(Symbol – MAGMA)**
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Dear Sir,

Sub: Press Release in respect of Application of Banking License

Enclosed herewith please find the Press Release on the captioned subject.

This is for your information and record.

Thanking You,

Yours faithfully,
For **Magma Fincorp Limited**

Girish

Girish Bhatia
Company Secretary

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Magma to apply for Banking License

Kolkata, June 26, 2013: Magma Fincorp Limited, a leading NBFC in the country, has decided to apply to the Reserve Bank of India for Banking License. The company's board which met today approved the decision to go ahead with the application process.

Magma has, since the beginning, been serving the credit needs of underserved and un-banked customers largely in rural and semi-rural areas; these segments have offered good business opportunities and have enabled Magma to build a unique long term business model that is both profitable and sustainable.

The company having commenced its business 25 years ago has graduated to being a full services and a well-diversified NBFC with currently nine product offerings. The group launched the first general Insurance Company in the eastern India in 2012 and launched its housing finance business with takeover of mortgage business of GE earlier this year. The group feels that its progression towards becoming a Bank is a natural extension with which it shall be able to expand its existing successful model for inclusive financial services multiple times across India.

Magma emphasized that while they shall apply for a banking license, their focus remains firmly on the existing business, and upon receipt of license, all the customers of Magma will have access to a full range of banking services very quickly including deposits, remittances etc., so a lot of inclusion will occur by way of additional services to the existing customer base even without Magma expanding its asset base.

The Reserve Bank of India has proposed an 18 month window from the date of in-principle approval to commence banking operations. Magma feels that the proposed time window would provide sufficient opportunity to the company to make a transition to a bank with minimum disruption in the normal business of the company.

Magma has a proven track record on credit prudence and risk management despite operating largely in remote areas where a large number of customers lack basic documents to establish their intrinsic credit worthiness. Hence growth will be achieved without compromising prudence and effective risk management.

Note to Editors

Magma Fincorp Limited 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.

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Magma provides a bouquet of financial products including financing of Utility Vehicles & Cars, Commercial Vehicles, Construction Equipment, Tractors, Used Vehicles, Housing finance, SME Loans, Gold Loans and General Insurance. Magma has an active base of around 4 lac customers and has total loan assets of Rs. 16240 crores under management as on March 31, 2013. The company has 278 branches in 20 states and 1 union territory and employs about 7500 people.

www.magma.co.in

CERTIFIED TO BE TRUE COPY

For MAGMA FINCORP LIMITED

GIRISH BHATIA
Company Secretary

For further info, pl contact:
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