Reaching New Heights in Retail Finance

Magma Fincorp Limited
Q2 FY18 Results Update
INVESTING IN THE SMALLEST DREAMS – FOR RURBAN INDIA

UNDERSERVED CUSTOMERS

CUSTOMISED FINANCING SOLUTIONS

PAN INDIA NETWORK
Business Overview: Focus on underserved ‘Rurban’ India

SEGMENT 1: FIRST TIME BUYERS
• Farmers with small landholdings (<4 acres) (Tractor buyer)
• First time buyer with prior relevant experience (taxi/truck/machine driver/operators)

SEGMENT 2: SELF EMPLOYED NON PROFESSIONAL (SENP)
• Self employed customer with informal income sources (Home/Car buyer)

SEGMENT 3: SMALL & MEDIUM ENTREPRENEURS
• Small factory owner/contractor, trader/shop owner with working capital needs (SME/LAP customer)
• Small fleet operator (taxi/truck/equipment buyer)

SEGMENT 4: LIMITED BANKING / CREDIT HISTORY
• Customer with informal income sources and low eligibility for bank loans
• Customers with no established credit track record
• Customers with limited banking transactions

Rurban includes Rural and Semi-Urban locations/customers
Business Overview:
Provide distinctive financing solutions to customers in ‘Rurban’ India

Strong Recognition and Trusted Brand in ‘Rurban’ India

Diverse Product Offerings
- Commercial Finance
- Agri Finance
- SME Finance
- Mortgage Finance
- General Insurance

Magma’s Core Strengths
- Widespread coverage with presence across 1900 Talukas and 2900 Locations
- Technological innovation led faster customer acquisition, portfolio servicing and effective cross-sell
- Deep ‘Rurban’ Insight led underwriting and flexi payment options

Customer Focus
- Underserved ‘Rurban’ customers

Commercial Finance includes New and Used Vehicles/Equipment; SME Finance includes Unsecured Loans to Business Enterprises; Mortgage Finance includes LAP and Home Loans; Agri Finance includes Tractors
### Business Overview:
Higher cross-sell for lifetime customer engagement

<table>
<thead>
<tr>
<th>CUSTOMER SEGMENTS</th>
<th>ILLUSTRATIVE ASSET PROFILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Time Buyers</td>
<td>Ticket Size (Rs lakh)</td>
</tr>
<tr>
<td></td>
<td>Loan to Value Ratio</td>
</tr>
<tr>
<td></td>
<td>Tenure (months)</td>
</tr>
<tr>
<td>Self Employed</td>
<td>4-5</td>
</tr>
<tr>
<td>Non Professionals</td>
<td>75-80%</td>
</tr>
<tr>
<td>Small &amp; Medium</td>
<td>3-4</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>65-70%</td>
</tr>
<tr>
<td>Limited banking</td>
<td>12-14</td>
</tr>
<tr>
<td>/ credit history</td>
<td>LAP 35-45%</td>
</tr>
<tr>
<td></td>
<td>HL 55-65%</td>
</tr>
</tbody>
</table>

- **Commercial Finance**
- **Agri Finance**
- **SME Finance**
- **Mortgage Finance**
- **General Insurance**

Numbers indicative of disbursements done during Q2 FY18
Business Overview: Product extensions have complemented existing product suite and strengthened Magma’s value proposition

**SYNERGIES WITH ASSET FINANCE BUSINESS**

- Leverage existing ‘rurban’ branch network for reach, and superior service levels
- 32% of mortgage business is sourced directly including cross sell to existing Magma customers
- Leveraging common channels of ABF

**GENERAL INSURANCE**

- One third of general insurance business sourced from existing Magma customers
- Profitable business that also protects assets financed by Magma (securing loan portfolio)
- Operating leverage through ‘rurban’ branch network and OEM/channel acquisition at minimum incremental cost
- Superior underwriting of used assets through in-house valuer

**GROWTH STRATEGY**

- Focus more on Home loans and increase HL share significantly
- Focus on more Direct sourcing
- Sourcing is targeted from Tier 3-6 towns based ‘rurban’ SENP customer at Rs.10-14 Lakh average ticket size

- Focus on insuring underserved ‘rurban’ customers (core Magma customer-archetype)
- Use tech-enablers to prevent revenue leakage and minimize fraudulent claims
- Leverage tech-tools to quickly and simply underwrite and issue policies

**MORTGAGE FINANCE**

- Profitable business that also protects assets financed by Magma (securing loan portfolio)
- Operating leverage through ‘rurban’ branch network and OEM/channel acquisition at minimum incremental cost
- Superior underwriting of used assets through in-house valuer

Bringing Equality of Opportunity to the Economically Disenfranchised
Bringing Equality of Opportunity to the Economically Disenfranchised

Competitive Strength: Widespread pan India coverage

Extensive Pan India Branch Network Across Rural and Semi-Urban India

- Hub and spoke model with wide coverage led to presence in point of sales enabling sourcing from 1900 taluks and 2900 locations
- Tablet usage has led to superior sales productivity, better market coverage, improved channel and customer experience
- Focus on asset-light model: Field executives come to branch office once a week; technology solutions enable them to conduct business from channel/customer location
- Strong customer engagement through 6400+ field executives
- State of the art toll free Inbound/Outbound Customer Delivery Centre for servicing and cross sell

Branches as on 30th Sept 2017
# Branch banking structure leading to superior customer connect

## Objectives

- Better customer service
- Better and faster credit decision
- Improved productivity and cost efficiency
- Better channel management
- Better local accountability and ownership
- Higher Direct Business and higher Yields

## People

- Strong and deeper customer connect with 6400+ field executives, each covering radius of <30 kms
- Branch managers (BM) are responsible for the P&L of branch
- KPIs of BMs and FOS aligned as per the branch and product grading
- KRAs of BM and FOS include direct business, fee income generation and cross sell.

## Technology

- High level of technology adoption by field officers and supervisors, improving efficiency and productivity
- Daily Journey Plan and Visit Calendar in tablets

## Process

- Dedicated channel relation team (CRMs) to source business.
- Simplified credit screens
- Immediate risk hind-sighting after disbursement
- Login to Disbursement process enabled in ‘tablets’

## Customer

- CRMs / FOS tagged to 8000 channels for service and business
- Rigor of daily market activity
**Competitive Advantage: Technology initiatives to strengthen business processes**

**PRE-SALES & SALES CUSTOMER ACQUISITION PROCESS**
- Tablet equipped field executives capable of operating from any location (virtual office)
- Electronic transfer of loan application with all documents from point of sale.
- Usage of Data Analytics for customized Cross sell and Up sell offering.

**Outcome – Increased Penetration, Faster Turnaround time & Better lead conversion.**

**CHANNEL SERVICING & CUSTOMER ENGAGEMENT PROCESS**
- Channel portal allows automatic tracking of files/process
- Call centre to provide real time support for complaints/enquiries
- Frontline Decision Support for better understanding of customer requirements

**Outcome – Improved Customer experience, Better product design Inputs**

**COLLECTIONS & RISK MANAGEMENT PROCESS**
- Online submission of Field Investigation reports
- Cash collection at customer location, on spot money receipts, instant reporting of collections to central database.
- External credit databases embedded in BI/sales interfaces

**Outcome – Enhanced Customer service, Faster Credit Appraisal, Robust Cash management**

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**Centralised Data Centre**
**Disaster Recovery Centre**
**BI & Data Analytics Support**
**Document Management**
**Portals for Channel Partners, Ins Agency**

**Bringing Equality of Opportunity to the Economically Disenfranchised**
Competitive Advantage: Risk framework – Inter-woven with the business strategy

RISK MANAGEMENT FRAMEWORK

CALIBRATE PRODUCT - CUSTOMER - GEOGRAPHY MIX
- OEM, End-Use and Resale demand driven product classification
- Informal segment with relevant experience
- Differentiated offering in various markets considering Net Adjusted Return

REFINE CREDIT SCREENS & PROCESSES
- Customised screens to consider informal income streams with relevant experience
- Branch, product and dealer grading
- Asset gradation as per customer profile
- Online Process Automation at sourcing / under-writing stages for fraud mitigation
- Comprehensive Risk Management Framework

EARLY WARNING INDICATORS (EWI)
- Past portfolio based terminal losses as key indicator for developing Early Warning Indicators (EWI)
- Credit hind sighting of early delinquent cases to resolve them and use them as feedback mechanism in credit screens
- Branch level tracking involving local business teams

Supported by Strong Analytics

IN HOUSE TEAM
CREDIT BUREAU MODELING
COMPETITIVE ANALYSIS

Bringing Equality of Opportunity to the Economically Disenfranchised
Business Strategy: Focus on sustained profitable growth

ROA ENHANCEMENT

- Focus on product profitability and branch profitability
- Increase share of higher risk-adjusted yield and high RoA products (Agri /Used Assets /SME /Mortgage Finance)

OPEX REDUCTION

- Enhance productivity through technology enablers, automation and process simplification
- Reduce customer acquisition cost by
  - Increasing direct sourcing
  - Improving cross-sell
  - Providing superior customer service

COF REDUCTION

- Employ judicious mix of NCD / CP / bank lines / securitisation to reduce COF and limit concentration / liquidity risk
- Diversify mix of debt market investors
- Increase share of priority sector lending (PSL)

ASSET QUALITY IMPROVEMENT

- Calibrate portfolio according to product-customer-geography mix
- Refine credit screen and processes to optimize portfolio performance
- Employ product wise early warning indicators and loss tracking mechanisms
- Grading of branches, products, dealers and FOS according to the portfolio quality

Bringing Equality of Opportunity to the Economically Disenfranchised
Community Obsession: Corporate Social Responsibility

Health & Wellbeing
- Free medical Consultation to approx. 65,000 truckers through health check up camps
- Contributed to Pausasingh village, Dhenkanal, Orissa become OD Free village by setting up toilets.
- M-Care: Weekly clinic in WB villages. 2500+ patients have been treated till date in FY18

Environment Sustainability
- Magma Truckers Initiative for Environment Sustainability. In association with PCRA, Govt. of India undertaking
  - Training Safer Driving Skills to Truck Drivers in approx 165 location. Approx 100,000 truckers benefitted till date
  - Better Mileage + Fuel Conservation = Saving about 50 Lac Lt. of Diesel per year
- Reduction in CO2 Emission approx 44 Lac kg.
- E-Toilets for Sanitation at Transport Nagars to benefit to approx 50,000 Truck drivers
- Planting 5000 saplings on World Environment Day by employees

Promotion of Education
- M Scholar – 99 meritorious students from poor families offered Scholarships to further under-graduate education.
- Adoption of 16 Schools in Tribal areas in CG, Jharkhand in Tribal areas
- Mid-day Meal Programme: Offering mid-day meal to 5100 students in Govt. Schools in Kolkata (East), Delhi (North), Mumbai (West), Saraikela (East), Nellore (South), Faridabad (North), Jaipur (North) – through ISKCON Food Relief Foundation.

Swayam - Corporate Volunteering
- Every Child is Special: Providing toys and other pre school kits for the under privileged kids of Mewat area in Alwar Dist.
- Supporting Free Student Hostel for the tribal kids to have easy access to school, shelter, food, clothing and other life values

Bringing Equality of Opportunity to the Economically Disenfranchised
Rewards & Recognition

Asia Pacific HRM Congress Awards 2015 in the category of Best Corporate Social Responsibility Practices for M-Scholar and Anamrita CSR initiatives.

Highway Heroes awarded as the “CSR Project of the Year” at the NGOBOX CSR Impact Awards 2016.

Corporate Responsibility Award 2016 from the Investor Review, UK for our M-Scholar CSR Initiative.

“CSR Leadership Award” at National Awards for Excellence in CSR & Sustainability.

Awarded 2nd Best Project of the Year for Highway Heroes at NHRDN CSR Competition, 2016.

BFSI Tech Maestro Awards 2016. Award for the most effective Data centric Security Implementation.

Frost & Sullivan presented the 2016 Customer Service Leadership Award.

Magma’s FY16 Annual Report was recognized at the 2016 VISION Awards competition of LACP (League of American Communications Professionals).

Platinum Award of Excellence from LACP Spotlight Awards 2016 for our Mission India communications campaign.


BT CSR Excellence Awards’2017 for Innovation in CSR Practices @ Highway Heroes.

“CSR Leadership Award” at National Awards for Excellence in CSR & Sustainability.

Bring Equality of Opportunity to the Economically Disenfranchised
Major Highlights of H1 FY18

Absolute NNPA declines for the 3rd consecutive quarter.

De-risking ABF portfolio concentration - Used Assets disbursement up 22% YoY and CV disbursement up 78% YoY: Tractor disbursement down 45% YoY.

ABF Branches graded on basis of portfolio quality – Share of new business from outperforming A and B branches up to 61% compared with 28% YoY.

Mortgage business direct sourcing up 25% YoY from 24% to 30%.

Insurance business grows 28% YoY; Motor OD claim ratio best in the General Insurance Industry in India.

Corporate Office shifted to Mumbai.
Financial Results – Q2 FY18 (Consolidated)

Q2 FY17

- Loan Assets: Rs 17,600 cr
- NIM: 7.4%
- Opex/Loan Assets: 3.5%
- NNPA: 7.2%
- PAT: Rs 51 cr
- RoA: 1.35%

Q2 FY18

- Loan Assets: Rs 15,262 cr
- NIM: 8.4%
- Opex/Loan Assets: 4.4%
- NNPA: 5.6%
- PAT: Rs 49 cr
- RoA: 1.49%

- Lower disbursement with focus on quality, in line with plan led to decline in loan book
- Decline in cost of funds & increase in share of earning book led to margin expansion
- Higher opex ratio due to significant investment in management bandwidth, and also due to lower AUM
- Absolute NNPA trending lower Q-o-Q
- Improved collection performance, lower AUM and accelerated provisioning for movement to 90dpd provisioning norms
- Margin expansion led to improvement in ROA

Bringing Equality of Opportunity to the Economically Disenfranchised
Significant changes in disbursement mix

<table>
<thead>
<tr>
<th>Disbursements</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>Q2 FY17</th>
<th>Q1 FY18</th>
<th>Q2 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>UV/Cars</td>
<td>24.5%</td>
<td>23.5%</td>
<td>26.9%</td>
<td>24.6%</td>
<td>26.0%</td>
<td>23.6%</td>
</tr>
<tr>
<td>CV</td>
<td>17.1%</td>
<td>19.9%</td>
<td>10.8%</td>
<td>13.8%</td>
<td>8.8%</td>
<td>8.2%</td>
</tr>
<tr>
<td>CE</td>
<td>10.1%</td>
<td>16.0%</td>
<td>18.0%</td>
<td>18.7%</td>
<td>16.8%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Used Assets</td>
<td>16.9%</td>
<td>17.0%</td>
<td>16.8%</td>
<td>16.6%</td>
<td>12.9%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Agri Finance</td>
<td>14.0%</td>
<td>14.1%</td>
<td>17.5%</td>
<td>18.1%</td>
<td>22.5%</td>
<td>25.2%</td>
</tr>
<tr>
<td>SME Finance</td>
<td>8.2%</td>
<td>5.3%</td>
<td>5.4%</td>
<td>4.5%</td>
<td>7.5%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Mortgage Finance</td>
<td>9.2%</td>
<td>4.2%</td>
<td>4.7%</td>
<td>3.8%</td>
<td>5.5%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

Values in Rs crore

Bringing Equality of Opportunity to the Economically Disenfranchised
Resulting in gradual shift in loan assets mix

- High ROA products contribute 62% of total loan assets

Loan Assets

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>Q2 FY17</th>
<th>Q1 FY18</th>
<th>Q2 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14.6%</td>
<td>18.5%</td>
<td>18.8%</td>
<td>18.8%</td>
<td>18.7%</td>
<td>18.5%</td>
</tr>
<tr>
<td>UV/Cars</td>
<td>7.1%</td>
<td>9.5%</td>
<td>11.7%</td>
<td>10.4%</td>
<td>11.9%</td>
<td>12.0%</td>
</tr>
<tr>
<td>CV</td>
<td>17.8%</td>
<td>18.8%</td>
<td>18.9%</td>
<td>19.0%</td>
<td>18.6%</td>
<td>18.0%</td>
</tr>
<tr>
<td>CE</td>
<td>11.9%</td>
<td>11.2%</td>
<td>12.2%</td>
<td>12.1%</td>
<td>12.9%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Used Assets</td>
<td>9.8%</td>
<td>8.0%</td>
<td>6.6%</td>
<td>7.2%</td>
<td>6.6%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Agri Finance</td>
<td>13.3%</td>
<td>9.1%</td>
<td>6.5%</td>
<td>7.5%</td>
<td>6.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>SME Finance</td>
<td>25.5%</td>
<td>24.9%</td>
<td>25.3%</td>
<td>24.8%</td>
<td>25.0%</td>
<td>24.7%</td>
</tr>
<tr>
<td>Mortgage Finance</td>
<td>25.5%</td>
<td>24.9%</td>
<td>25.3%</td>
<td>24.8%</td>
<td>25.0%</td>
<td>24.7%</td>
</tr>
</tbody>
</table>
| Values in Rs crore

52% 48% 44% 52% 48% 44%
38%
Bringing Equality of Opportunity to the Economically Disenfranchised

Loan assets and NIM expansion

- Decline in cost of funds & increase in share of earning book led to margin expansion

NIM: (Total Income – Interest Expenses)/Average Loan Assets; Values in Rs crore
State-wise Loan Assets Breakup

Total Loan Assets: Rs. 15,262 crore

North: 37%
- Uttarakhand/Delhi, 4%
- Haryana, 7%
- Punjab/Himachal, 3%
- Rajasthan, 8%
- Uttar Pradesh, 15%
- Bihar, 5%
- Jharkhand, 2%
- Orissa, 4%
- West Bengal, 6%

South: 24%
- Tamil Nadu, 4%
- Kerala, 5%
- Karnataka, 6%
- Telangana, 5%
- Andhra, 4%

West: 22%
- Maharashtra, 9%
- Madhya Pradesh, 6%
- Gujarat, 4%
- Chattisgarh, 3%

East: 17%
- West Bengal, 6%
- Karnataka, 6%

- Diversification of loan book exposure minimizes impact of regional/local/single event risks

Value as on 30th Sept 2017; Includes Off B/S loan assets
Liability Profile

On B/S Debt | 11,847 | 11,902 | 10,096 | 10,807 | 9,604 | 9,347

0% | 14% | 12% | 12% | 11% | 13% | 12%

5% | 28% | 31% | 22% | 23% | 19% | 18%

25% | 58% | 57% | 66% | 66% | 68% | 70%

75% | 100%

FY15 | FY16 | FY17 | Q2 FY17 | Q1 FY18 | Q2 FY18

Tier I/II Capital & Others | Debt Capital Markets | Banks

B/S Debt includes Preference Capital and based on MFL Consolidated financials; Values in Rs crore.

Instrument | CARE Rating
--- | ---
Short term Debt | A1+
Long term Debt | AA-
Tier I Instrument | A+

- Diversified liability sources limit concentration risk, allows stable flow of funds and stable rating, all leading to lower costs
- Rated by CARE, ICRA, CRISIL, India Ratings, SMERA & Brickwork
- Consortium of 19 public & private sector banks
- Capital market funding from wide spectrum of lenders including MFs, Insurance companies, Pension / Provident funds and Corporates among others
- Other unsecured debt includes Perpetual debt, Sub debt and Preference capital
- The above chart is based on average utilization of Funds basis
## NPA Recognition

<table>
<thead>
<tr>
<th>Asset Quality</th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>% Change</th>
<th>FY17*</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Q-o-Q</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross NPA</td>
<td>1,097</td>
<td>1,087</td>
<td>0.9%</td>
<td>1,080</td>
<td>1,464</td>
</tr>
<tr>
<td>Net NPA</td>
<td>836</td>
<td>866</td>
<td>-3.5%</td>
<td>889</td>
<td>1,151</td>
</tr>
<tr>
<td>Gross NPA (%)</td>
<td>7.2%</td>
<td>7.0%</td>
<td>0.2%</td>
<td>6.7%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Net NPA (%)</td>
<td>5.6%</td>
<td>5.7%</td>
<td>-0.1%</td>
<td>5.6%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Coverage ratio (%)</td>
<td>23.8%</td>
<td>20.3%</td>
<td>3.5%</td>
<td>17.7%</td>
<td>21.4%</td>
</tr>
</tbody>
</table>

- Magma recognises NPA on 120 dpd basis and is compliant with RBI guidelines
- % are on the basis of total Loan book

* Sold gross NPAs worth Rs 678 cr in Q4 FY17
* Based on MFL Consolidated financials
## P&L Statement (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>% Change</th>
<th>*FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Q-o-Q</td>
<td>Y-o-Y</td>
<td></td>
</tr>
<tr>
<td>Income from Ops.</td>
<td>531.5</td>
<td>549.0</td>
<td>600.2</td>
<td>-3%</td>
<td>-11%</td>
<td>2,344.5</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>228.1</td>
<td>240.2</td>
<td>290.2</td>
<td>-5%</td>
<td>-21%</td>
<td>1,125.4</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td><strong>303.5</strong></td>
<td><strong>308.8</strong></td>
<td><strong>310.0</strong></td>
<td><strong>-2%</strong></td>
<td><strong>-2%</strong></td>
<td><strong>1,219.0</strong></td>
</tr>
<tr>
<td>Other Income</td>
<td>18.2</td>
<td>19.2</td>
<td>15.9</td>
<td>-6%</td>
<td>15%</td>
<td>55.0</td>
</tr>
<tr>
<td><strong>Net Total Income</strong></td>
<td><strong>321.7</strong></td>
<td><strong>328.0</strong></td>
<td><strong>325.8</strong></td>
<td><strong>-2%</strong></td>
<td><strong>-1%</strong></td>
<td><strong>1,274.0</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>167.1</td>
<td>168.6</td>
<td>154.2</td>
<td>-1%</td>
<td>8%</td>
<td>620.4</td>
</tr>
<tr>
<td>:Personnel Expenses</td>
<td>89.0</td>
<td>88.6</td>
<td>72.8</td>
<td>0%</td>
<td>22%</td>
<td>293.3</td>
</tr>
<tr>
<td>:Other Expenses</td>
<td>66.4</td>
<td>67.2</td>
<td>69.6</td>
<td>-1%</td>
<td>-5%</td>
<td>278.5</td>
</tr>
<tr>
<td>:Depreciation</td>
<td>11.7</td>
<td>12.9</td>
<td>11.7</td>
<td>-9%</td>
<td>0%</td>
<td>48.5</td>
</tr>
<tr>
<td><strong>Pre Prov Profit</strong></td>
<td><strong>154.5</strong></td>
<td><strong>159.4</strong></td>
<td><strong>171.7</strong></td>
<td><strong>-3%</strong></td>
<td><strong>-10%</strong></td>
<td><strong>653.7</strong></td>
</tr>
<tr>
<td>Prov./Write Offs*</td>
<td>74.9</td>
<td>91.4</td>
<td>95.1</td>
<td>-18%</td>
<td>-21%</td>
<td>606.9</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>79.7</strong></td>
<td><strong>67.9</strong></td>
<td><strong>76.6</strong></td>
<td><strong>17%</strong></td>
<td><strong>4%</strong></td>
<td><strong>46.8</strong></td>
</tr>
<tr>
<td>Taxes</td>
<td>30.8</td>
<td>22.9</td>
<td>26.0</td>
<td>35%</td>
<td>19%</td>
<td>34.1</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td><strong>48.9</strong></td>
<td><strong>45.1</strong></td>
<td><strong>50.6</strong></td>
<td><strong>8%</strong></td>
<td><strong>-3%</strong></td>
<td><strong>12.7</strong></td>
</tr>
</tbody>
</table>

*Negative impact on PAT in FY17 on account of NPA sale is Rs. 145 cr.

Values in Rs crore
## Balance Sheet (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>% Change</th>
<th>FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Q-o-Q</td>
<td>Y-o-Y</td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td>13,012</td>
<td>13,248</td>
<td>14,568</td>
<td>-2%</td>
<td>-11%</td>
<td>13,595</td>
</tr>
<tr>
<td>Net Worth</td>
<td>2,243</td>
<td>2,218</td>
<td>2,250</td>
<td>1%</td>
<td>0%</td>
<td>2,172</td>
</tr>
<tr>
<td>Share Capital</td>
<td>47</td>
<td>47</td>
<td>47</td>
<td>0%</td>
<td>0%</td>
<td>47</td>
</tr>
<tr>
<td>Reserves and Surplus</td>
<td>2,196</td>
<td>2,170</td>
<td>2,202</td>
<td>1%</td>
<td>0%</td>
<td>2,125</td>
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<tr>
<td>Minority Interest *</td>
<td>-</td>
<td>34</td>
<td>43</td>
<td>NA</td>
<td>NA</td>
<td>34</td>
</tr>
<tr>
<td>Preference Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>9,347</td>
<td>9,604</td>
<td>10,807</td>
<td>-3%</td>
<td>-14%</td>
<td>10,096</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>1,422</td>
<td>1,392</td>
<td>1,469</td>
<td>2%</td>
<td>-3%</td>
<td>1,293</td>
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<tr>
<td><strong>ASSETS</strong></td>
<td>13,012</td>
<td>13,248</td>
<td>14,568</td>
<td>-2%</td>
<td>-11%</td>
<td>13,595</td>
</tr>
<tr>
<td>Loan Assets</td>
<td>11,292</td>
<td>11,426</td>
<td>13,056</td>
<td>-1%</td>
<td>-14%</td>
<td>11,968</td>
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<tr>
<td>Fixed Assets</td>
<td>214</td>
<td>218</td>
<td>227</td>
<td>-2%</td>
<td>-6%</td>
<td>218</td>
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<tr>
<td>Other Assets</td>
<td>1,030</td>
<td>1,025</td>
<td>847</td>
<td>1%</td>
<td>22%</td>
<td>961</td>
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<tr>
<td>Cash &amp; Bank Balance</td>
<td>476</td>
<td>579</td>
<td>438</td>
<td>-18%</td>
<td>9%</td>
<td>448</td>
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<tr>
<td><strong>TOTAL LOAN ASSETS</strong></td>
<td>15,262</td>
<td>15,483</td>
<td>17,600</td>
<td>-1%</td>
<td>-13%</td>
<td>16,101</td>
</tr>
</tbody>
</table>

*MITL became 100% subsidiary on acquisition of 26% stake from ITL during the quarter*

Values in Rs crore

---

Bringing Equality of Opportunity to the Economically Disenfranchised
### Key Ratios (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>Change (in Bps)</th>
<th>FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Income/Assets</strong></td>
<td>16.7%</td>
<td>16.9%</td>
<td>16.4%</td>
<td>-19</td>
<td>33</td>
<td>16.5%</td>
</tr>
<tr>
<td><strong>Interest Exp/Assets</strong></td>
<td>6.9%</td>
<td>7.2%</td>
<td>7.7%</td>
<td>-21</td>
<td>-79</td>
<td>7.7%</td>
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<tr>
<td><strong>Gross Spreads</strong></td>
<td>9.8%</td>
<td>9.8%</td>
<td>8.7%</td>
<td>2</td>
<td>112</td>
<td>8.8%</td>
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<tr>
<td><strong>Prov &amp; WO/Assets</strong></td>
<td>2.3%</td>
<td>2.7%</td>
<td>2.5%</td>
<td>-44</td>
<td>-25</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>Opex/Assets</strong></td>
<td>5.1%</td>
<td>5.0%</td>
<td>4.1%</td>
<td>7</td>
<td>98</td>
<td>4.3%</td>
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<tr>
<td><strong>PBT/Assets</strong></td>
<td>2.4%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>40</td>
<td>39</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>RoA</strong></td>
<td>1.5%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>15</td>
<td>14</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>RoE</strong></td>
<td>9.0%</td>
<td>8.5%</td>
<td>9.3%</td>
<td>53</td>
<td>-33</td>
<td>1.0%</td>
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<table>
<thead>
<tr>
<th>CRAR</th>
<th></th>
<th></th>
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<th></th>
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<tbody>
<tr>
<td><strong>Tier 1</strong></td>
<td>16.0%</td>
<td>16.2%</td>
<td>15.8%</td>
<td>-20</td>
<td>23</td>
<td>15.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20.3%</td>
<td>21.2%</td>
<td>20.0%</td>
<td>-90</td>
<td>25</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

*Prov & WO / Assets is higher in FY17 as it includes Loss on account of NPA sale.

CRAR based on MFL (Standalone) financials. Assets is average of opening and closing balance of On B/S Assets of MFL (Consolidated)
Magma's Core Values

- Integrity and Credibility
- Trust and Respect for People
- Openness and Transparency
- Fairness and Impartiality
- Demanding Excellence

Strong Corporate Governance
Mayank Poddar
Chairman Emeritus and Whole time Director

- Supports policy formulation and guidance to the Management/Board
- Over 30 years of experience in the financial sector.

Sanjay Chamria
VC and MD

- Anchors strategic policy formulation and execution.
- Drives new business initiatives and leads management team.

Narayan K Seshadri
Non-executive Independent Chairman

Entrepreneur consultant. Former Country Head - KPMG Consulting & Head of Business Consulting in Arthur Andersen

Nabankur Gupta
Independent Director

Founder - Nobby Brand Architects & Strategic Marketing Consultants. Pioneer of sub branding and multi branding in India. Also served as Group President in Raymond

Sanjay Nayar (Nominee of KKR)

CEO and Country Head of KKR, India. Ex CEO of Citi India & South Asia operations

Madhumita Dutta-Sen (Nominee of IFC)

Ms. Madhumita Dutta-Sen has worked for IFC for more than 25 years. She has varied knowledge of global financial markets; portfolio management; and project structuring.

VK Viswanathan
Independent Director

Chairman of Bosch Ltd. Previously he served as Managing Director of Bosch Ltd. He currently serves on board of various reputed Indian corporates as an Independent Director.

Satya Brata Ganguly
Independent Director

Chairman Emeritus of Exide Industries. Serves on the Boards of various reputed Indian corporate and public bodies as an Independent Director.
Management Team

Sanjay Chamria
VC and MD
32 years

Financing business

Kaushik Banerjee
CEO & President, ABF
25 years, President-Cholamandalam Finance

Manish Jaiswal
MD & CEO - HFC, CEO - SME
25 years, Business Head- SME Rating, CRISIL

Mahender Bagrodia
Chief Credit Officer
24 years, Tijaya Enterprises Ltd

General Insurance business
(Magma HDI)

Rajive Kumaraswami
CEO-MHDI
21 years, SCOR Indian Liaison Office

Vikas Mittal
Deputy CEO - MHDI
24 years, MD&CEO-Enam Securities

Kailash Baheti
Chief Financial Officer
32 years, CEO-Century Extrusions

Debraj Sinha
Chief People Officer
18 years, Chief HR Officer
- Max Bupa Health Insurance

Support functions

Raj Kumar Kapoor
Chief Audit Officer
30 years, Chief Internal Auditor
– Jubilant Organosys

Chirag Jain
Chief Operating Officer
22 years, COO
- HSBC Canara OBC Life insurance

Jashobrata Bose
Senior Vice President – Corporate Initiatives
16 years, Director - Sanofi

• Senior management with extensive experience both within Magma and in the industry

Bringing Equality of Opportunity to the Economically Disenfranchised
Holding Structure, Shareholding Pattern and Top Shareholders

Magma Fincorp (Consolidated)

100% → Magma Fincorp (Standalone)
100% → Magma Housing Finance
100%** → Magma ITL* (tractor biz)
41% → Magma HDI JV (general Insurance biz)

Shareholding of Magma Fincorp (30 September 2017)

- Promotor, 27.75%
- Overseas Bodies, 29.75%
- Public, 18.44%
- Resident Individuals, 6.09%
- FII, 17.97%

Top Non Promoter Shareholders

- KKR
- INDIA VALUE FUND V LLP
- INTERNATIONAL FINANCE CORPORATION
- CHYRS CAPITAL
- LEAPFROG INVESTMENTS

*The Board has approved merger of Magma ITL into Magma Fincorp at its meeting held on 9th November 2017

**Magma Fincorp increased stake in Magma ITL from 74% to 100% as on 23rd August 2017

Bringing Equality of Opportunity to the Economically Disenfranchised
Forward Looking Statements

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.
Bringing Equality of Opportunity to the Economically Disenfranchised

Leadership Team

Financial Results – Q2 FY18

Business Overview, Competitive Strengths and Strategy

Annexures
## Profit & Loss Statement (Standalone)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>% Change</th>
<th>*FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Q-o-Q</td>
<td>Y-o-Y</td>
<td></td>
</tr>
<tr>
<td>Income from Ops.</td>
<td>460.7</td>
<td>470.0</td>
<td>504.8</td>
<td>-2%</td>
<td>-9%</td>
<td>1,973.0</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>194.0</td>
<td>203.1</td>
<td>240.5</td>
<td>-4%</td>
<td>-19%</td>
<td>937.9</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>266.7</td>
<td>266.9</td>
<td>264.3</td>
<td>0%</td>
<td>1%</td>
<td>1,035.1</td>
</tr>
<tr>
<td>Other Income</td>
<td>18.3</td>
<td>18.7</td>
<td>13.9</td>
<td>-2%</td>
<td>32%</td>
<td>49.1</td>
</tr>
<tr>
<td>Net Total Income</td>
<td>285.0</td>
<td>285.6</td>
<td>278.2</td>
<td>0%</td>
<td>2%</td>
<td>1,084.2</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>151.3</td>
<td>149.6</td>
<td>130.6</td>
<td>1%</td>
<td>16%</td>
<td>531.1</td>
</tr>
<tr>
<td>:Personnel Expenses</td>
<td>78.0</td>
<td>75.4</td>
<td>55.7</td>
<td>3%</td>
<td>40%</td>
<td>230.2</td>
</tr>
<tr>
<td>:Other Expenses</td>
<td>61.7</td>
<td>61.4</td>
<td>63.2</td>
<td>0%</td>
<td>-2%</td>
<td>252.6</td>
</tr>
<tr>
<td>:Depreciation</td>
<td>11.6</td>
<td>12.8</td>
<td>11.7</td>
<td>-9%</td>
<td>0%</td>
<td>48.3</td>
</tr>
<tr>
<td>Pre Prov Profit</td>
<td>133.7</td>
<td>135.9</td>
<td>147.6</td>
<td>-2%</td>
<td>-9%</td>
<td>553.0</td>
</tr>
<tr>
<td>Prov./Write Offs*</td>
<td>78.1</td>
<td>77.4</td>
<td>87.8</td>
<td>1%</td>
<td>-11%</td>
<td>542.3</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>55.6</td>
<td>58.6</td>
<td>59.8</td>
<td>-5%</td>
<td>-7%</td>
<td>10.7</td>
</tr>
<tr>
<td>Taxes</td>
<td>18.8</td>
<td>19.5</td>
<td>20.8</td>
<td>-4%</td>
<td>-10%</td>
<td>4.6</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>36.9</td>
<td>39.1</td>
<td>39.0</td>
<td>-6%</td>
<td>-6%</td>
<td>6.1</td>
</tr>
</tbody>
</table>

*Negative impact on PAT in FY17 on account of NPA sale is Rs. 126 cr.

Values in Rs crore

---

Bringing Equality of Opportunity to the Economically Disenfranchised
## Balance Sheet (Standalone)

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>% Change</th>
<th>FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Q-o-Q</td>
<td>Y-o-Y</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td>11,000</td>
<td>11,151</td>
<td>12,035</td>
<td>-1%</td>
<td>11,392</td>
<td>12,909</td>
</tr>
<tr>
<td>Net Worth</td>
<td>2,091</td>
<td>2,077</td>
<td>2,112</td>
<td>1%</td>
<td>2,038</td>
<td>2,031</td>
</tr>
<tr>
<td>Share Capital</td>
<td>47</td>
<td>47</td>
<td>47</td>
<td>0%</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>Reserves and Surplus</td>
<td>2,044</td>
<td>2,030</td>
<td>2,064</td>
<td>1%</td>
<td>1,991</td>
<td>1,984</td>
</tr>
<tr>
<td>Preference Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
<td>13</td>
</tr>
<tr>
<td>Borrowings</td>
<td>7,990</td>
<td>8,163</td>
<td>8,913</td>
<td>-2%</td>
<td>8,512</td>
<td>9,869</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>919</td>
<td>911</td>
<td>1,010</td>
<td>1%</td>
<td>842</td>
<td>996</td>
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### Assets

<table>
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<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>% Change</th>
<th>FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Q-o-Q</td>
<td>Y-o-Y</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td>11,000</td>
<td>11,151</td>
<td>12,035</td>
<td>-1%</td>
<td>11,392</td>
<td>12,909</td>
</tr>
<tr>
<td>Loan Assets</td>
<td>9,416</td>
<td>9,469</td>
<td>10,674</td>
<td>-1%</td>
<td>9,894</td>
<td>11,650</td>
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<tr>
<td>Fixed Assets</td>
<td>145</td>
<td>149</td>
<td>161</td>
<td>-3%</td>
<td>149</td>
<td>169</td>
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<tr>
<td>Other Assets</td>
<td>1,044</td>
<td>1,035</td>
<td>832</td>
<td>1%</td>
<td>991</td>
<td>723</td>
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<tr>
<td>Cash &amp; Bank Balance</td>
<td>395</td>
<td>498</td>
<td>368</td>
<td>-21%</td>
<td>359</td>
<td>368</td>
</tr>
</tbody>
</table>

**TOTAL LOAN ASSETS** | 12,903  | 13,046  | 14,689  | -1%      | 13,514    | 15,300    |

*All values in Rs crore*
### Profit & Loss Statement: Magma Housing Finance Ltd. (MHFL)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>% Change</th>
<th>*FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Q-o-Q</td>
<td>Y-o-Y</td>
<td></td>
</tr>
<tr>
<td>Total Income</td>
<td>54.6</td>
<td>55.8</td>
<td>65.1</td>
<td>-2%</td>
<td>-16%</td>
<td>251.0</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>28.0</td>
<td>29.3</td>
<td>37.5</td>
<td>-5%</td>
<td>-25%</td>
<td>142.8</td>
</tr>
<tr>
<td>Net Income</td>
<td>26.6</td>
<td>26.4</td>
<td>27.6</td>
<td>0%</td>
<td>-4%</td>
<td>108.2</td>
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<tr>
<td>Operating Expenses</td>
<td>12.3</td>
<td>14.3</td>
<td>12.3</td>
<td>-14%</td>
<td>0%</td>
<td>48.6</td>
</tr>
<tr>
<td>Pre Prov Profit</td>
<td>14.2</td>
<td>12.2</td>
<td>15.3</td>
<td>17%</td>
<td>-7%</td>
<td>59.7</td>
</tr>
<tr>
<td>Prov./Write Offs*</td>
<td>1.8</td>
<td>2.8</td>
<td>2.1</td>
<td>-35%</td>
<td>-15%</td>
<td>7.8</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>12.5</td>
<td>9.4</td>
<td>13.3</td>
<td>32%</td>
<td>-6%</td>
<td>52.0</td>
</tr>
<tr>
<td>Taxes</td>
<td>4.3</td>
<td>3.3</td>
<td>4.7</td>
<td>32%</td>
<td>-8%</td>
<td>18.2</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>8.1</td>
<td>6.1</td>
<td>8.6</td>
<td>33%</td>
<td>-6%</td>
<td>33.7</td>
</tr>
</tbody>
</table>

* Positive impact on PAT in FY17 on account of NPA sale is Rs. 1.8 cr.

All values in Rs crore
### Profit & Loss Statement: Magma HDI General Insurance Company (MHDJ)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>% Change</th>
<th>FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Q-o-Q</td>
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<tr>
<td>Gross Written Premium</td>
<td>122.6</td>
<td>118.7</td>
<td>94.8</td>
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<td>29%</td>
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<td>Net Earned Premium</td>
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<td>81.1</td>
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<td>2%</td>
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<td>(-) Claims Incurred</td>
<td>66.1</td>
<td>66.6</td>
<td>59.3</td>
<td>-1%</td>
<td>11%</td>
<td>257.4</td>
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<tr>
<td>(-) Net Commission</td>
<td>-3.1</td>
<td>-3.2</td>
<td>2.2</td>
<td>-5%</td>
<td>-237%</td>
<td>3.8</td>
</tr>
<tr>
<td>(-) Management Expenses</td>
<td>39.9</td>
<td>39.3</td>
<td>33.6</td>
<td>2%</td>
<td>19%</td>
<td>143.4</td>
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<tr>
<td><strong>Underwriting Profit</strong></td>
<td>-20.2</td>
<td>-20.6</td>
<td>-14.1</td>
<td>2%</td>
<td>-44%</td>
<td>-77.5</td>
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<tr>
<td>(+) Investment Income</td>
<td>21.5</td>
<td>20.5</td>
<td>20.1</td>
<td>5%</td>
<td>7%</td>
<td>79.7</td>
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<tr>
<td>(+) Profit on Sale of LT investments</td>
<td>1.3</td>
<td>0.7</td>
<td>-</td>
<td>90%</td>
<td>NA</td>
<td>5.0</td>
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<tr>
<td><strong>Profit Before Tax</strong></td>
<td>2.6</td>
<td>0.6</td>
<td>6.0</td>
<td>322%</td>
<td>-57%</td>
<td>7.2</td>
</tr>
<tr>
<td>(-) Taxes</td>
<td>0.5</td>
<td>0.1</td>
<td>0.5</td>
<td>322%</td>
<td>3%</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>2.1</td>
<td>0.5</td>
<td>5.5</td>
<td>322%</td>
<td>-62%</td>
<td>6.3</td>
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*All values in Rs crore*
## Profit & Loss Statement: Magma ITL (MITL)

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<th></th>
<th>Q2 FY18</th>
<th>Q1 FY18</th>
<th>Q2 FY17</th>
<th>% Change</th>
<th>*FY17</th>
<th>FY16</th>
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<tr>
<td>Income from Ops.</td>
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<td>Interest Expenses</td>
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<tr>
<td><strong>Net Operating Income</strong></td>
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<tr>
<td>Other Income</td>
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<tr>
<td><strong>Net Total Income</strong></td>
<td>9.0</td>
<td>15.7</td>
<td>17.1</td>
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<tr>
<td>Pre Prov Profit</td>
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<td>Prov./Write Offs*</td>
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<td>11.3</td>
<td>5.2</td>
<td>NM</td>
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<td>0.7</td>
<td>NM</td>
<td>NM</td>
<td>-29.7</td>
</tr>
</tbody>
</table>

* Negative impact on PAT in FY17 on account of NPA sale is Rs. 20 cr.

All values in Rs crore

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Bringing Equality of Opportunity to the Economically Disenfranchised