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01 August 2019

Corporate Relationship Department  
**BSE Limited**  
25<sup>th</sup> Floor, P.J. Towers, Dalal Street, Fort,  
Mumbai – 400 001

**Company Code - 524000**

The Manager  
Listing Department,  
**National Stock Exchange of India Limited**  
“Exchange Plaza”  
Bandra- Kurla Complex, Bandra (E),  
Mumbai – 400 051

**Symbol - MAGMA**

**Sub: Investors/Analysts' Presentation**

**Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)**

Dear Sir,

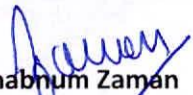
Pursuant to Regulation 30 of the Listing Regulations we are enclosing herewith the presentation to be made to the Investors/Analysts on the Unaudited Financial Results of the Company for the first quarter ended 30 June 2019.

The presentation is also being uploaded on the website of the Company at the URL <https://magma.co.in/about-us/investor-relations/financial-results/investor-presentation/> in accordance with Regulation 46 of the Listing Regulations.

Kindly take the same on record

Thanking you,

**Yours faithfully,  
For Magma Fincorp Limited**

  
**Shabnum Zaman**  
Company Secretary  
ACS No. 13918

**Encl:as above**

***Towards a Robust,  
Sustainable and  
Profitable Growth***



**Magma Fincorp Limited**  
**Investor Presentation – Q1 FY20**

**1** **Company Overview**

**2** **Financial Performance – Q1 FY20**

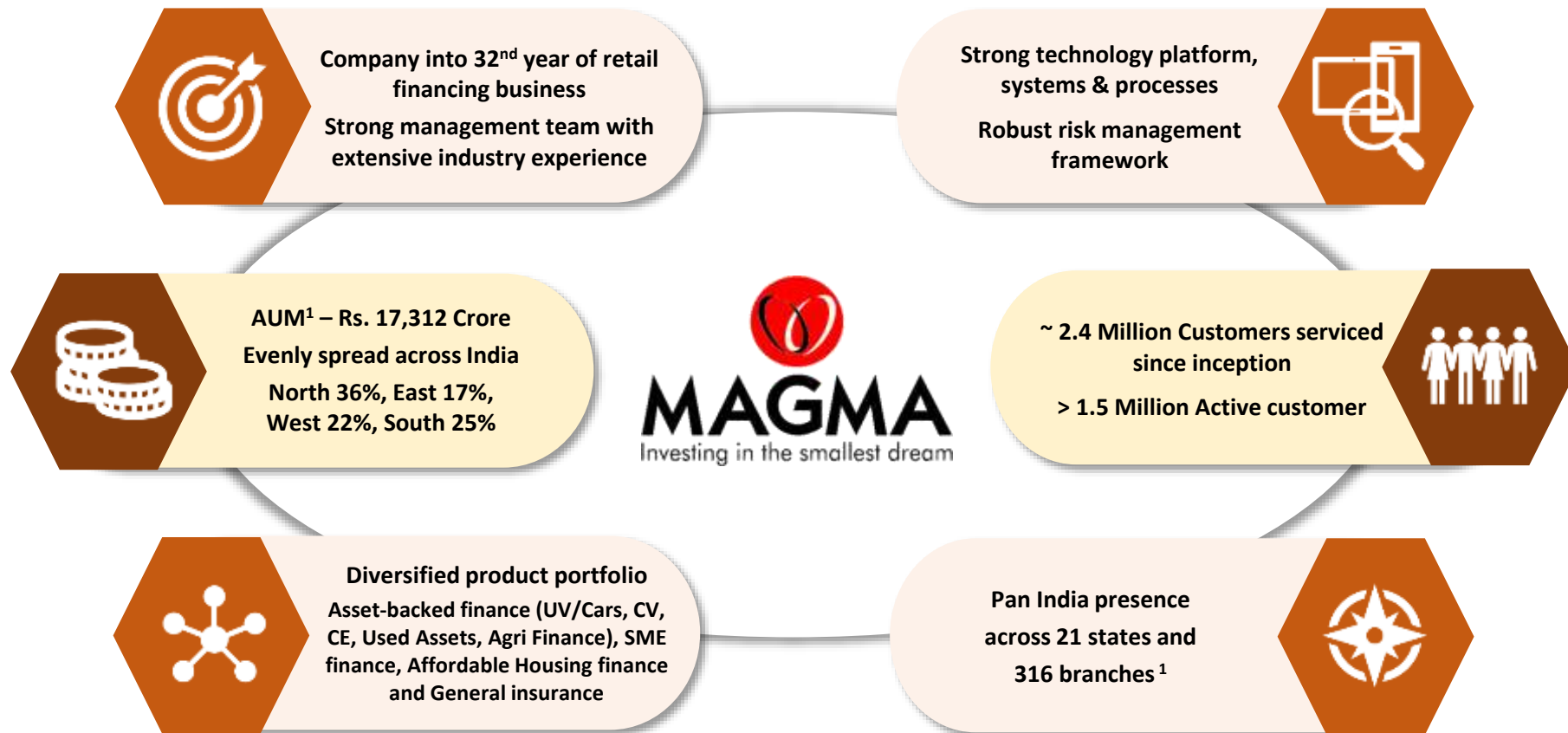
**3** **Business Strategy**

**4** **Business enablers to drive sustainable growth**

**5** **Leadership Team & Shareholding Structure**

**6** **Annexures**

*Note: We have used various abbreviations, nomenclature, financial & non-financial ratios in this presentation. These may differ from the customary or industry practices and some of the products / geographical breakup are on best estimate basis. Please refer to the Glossary in this presentation for the definition or description of such abbreviations, nomenclature, financial & non-financial ratios.*



UV – Utility Vehicles, CV – Commercial Vehicles, CE – Construction Equipment

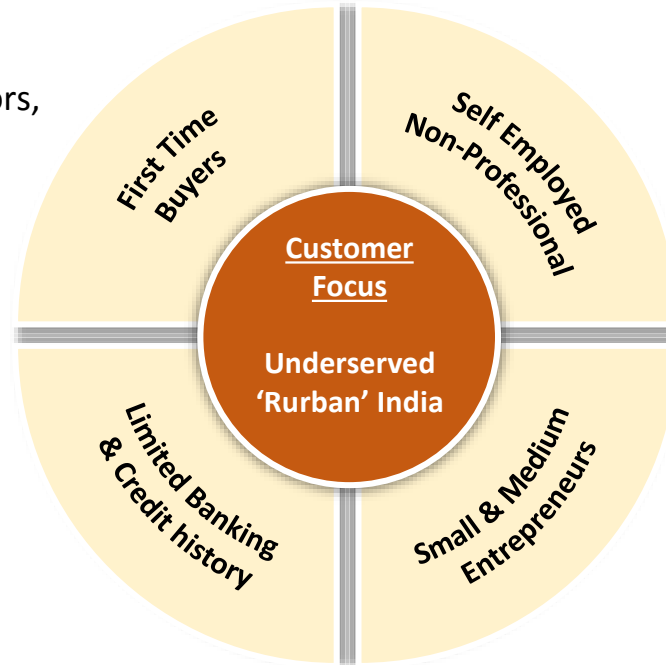
1 – AS on 30<sup>th</sup> June 2019

# Provide Financing Solutions to Underbanked Customers in 'Rurban' India

## Recognised and Trusted Brand in 'Rurban' India

- Taxi / Truck driver / operators, Small Farmers

- Customers with informal income and low eligibility for bank loans



- Self employed customer with informal income sources (Home / Car buyer)

- Small trader, factory owner, shop owner with working capital needs
- Small fleet operator

**Core strengths - Widespread presence, deep 'Rurban' insight, robust technology for faster customer acquisition, loan servicing and effective cross-sell**

Rurban includes Rural and Semi-Urban locations

# Focus on Higher Cross-Selling of Products for Deep Customer Engagement

|   |                                 | Customer Segments |                                 |                              |                                  | Illustrative Asset Profile    |                             |                         |
|---|---------------------------------|-------------------|---------------------------------|------------------------------|----------------------------------|-------------------------------|-----------------------------|-------------------------|
|   |                                 | First Time Buyers | Self Employed Non Professionals | Small & Medium Entrepreneurs | Limited banking / credit history | Average Ticket Size (Rs lakh) | Average Loan to Value Ratio | Average Tenure (months) |
| Financing & General Insurance Solutions | ABF: Commercial Finance         | ●                 | ●                               | ●                            | ●                                | 4-6                           | 75-80%                      | 40-45                   |
|   | ABF: Agri Finance               | ●                 | ●                               |                              | ●                                | 3-4                           | 65-70%                      | 45-50                   |
|   | SME Finance                     |                   | ●                               | ●                            | ●                                | 19-21                         | N/A                         | 30-35                   |
|   | AHF: Affordable Housing Finance | ●                 | ●                               | ●                            | ●                                | 9-12                          | 60-70%                      | 150-180                 |
|   | General Insurance               | ●                 | ●                               | ●                            | ●                                |                               |                             |                         |

Numbers indicative of disbursements done during Q1 FY20

Commercial Finance includes trucks, construction equipment, UVs & Cars

SME Finance includes Unsecured Loans to Business Enterprises;

Agri Finance includes Tractors

Affordable Housing Finance includes Home Loans and Loan against property

# A well diversified portfolio across segment and geography

## Diverse Product Offerings

### Asset Backed Finance (ABF)

AUM<sup>1</sup>: Rs. 11,655 crs



**Total AUM<sup>1</sup> :**  
**Rs. 17,312 crs**

**SME Finance**  
AUM<sup>1</sup>: Rs. 2,264 crs



**Affordable Housing Finance (AHF)\***

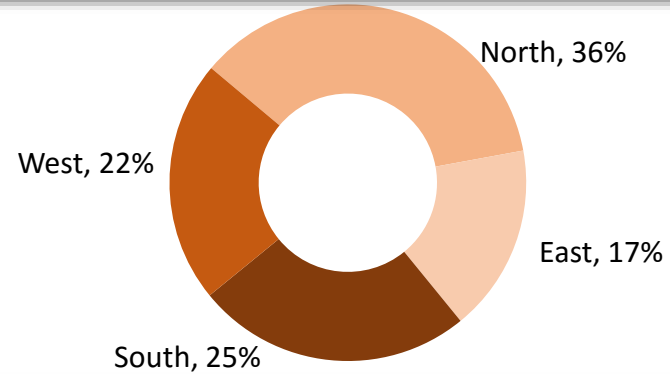
AUM<sup>1</sup>: Rs. 3,393 crs



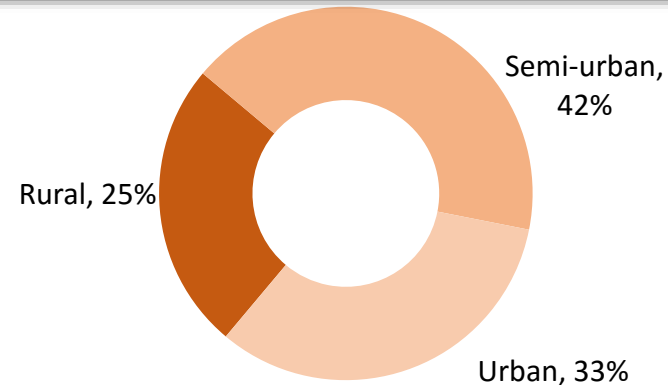
**General Insurance**  
GWP<sup>2</sup>: Rs. 290 crs



## Zone-wise Breakup



## Rural-Urban Breakup



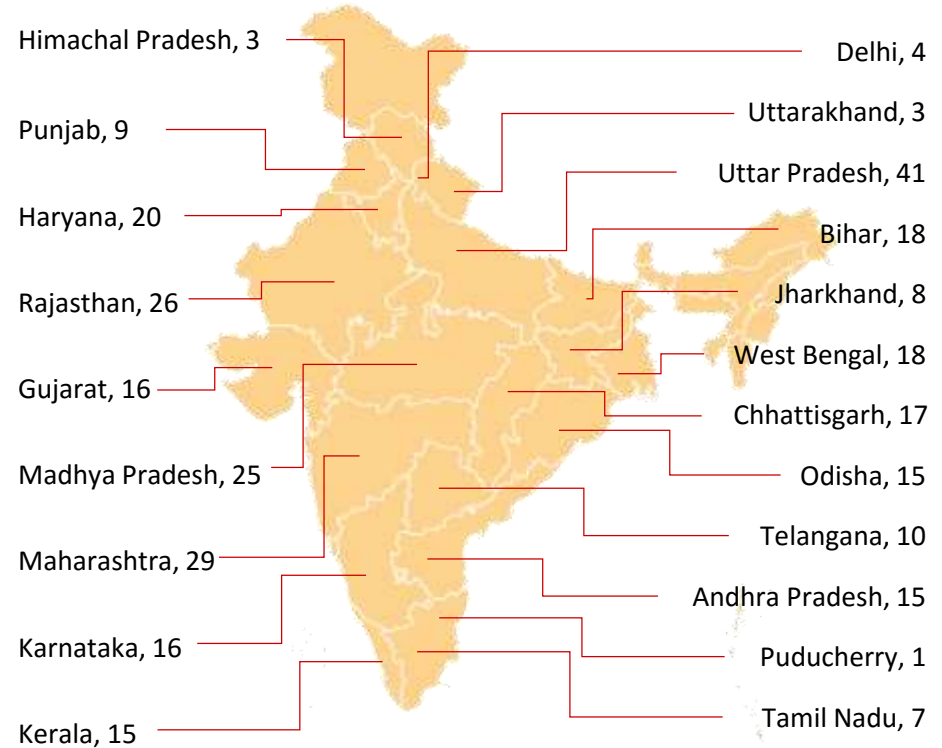
1 - As of 30<sup>th</sup> June 2019; 2 - Q1 FY20

\* Split between MFL (Rs. 682 crs) and MHF (Rs. 2,711 crs)

## Asset Light Branch Network

- **Wide retail presence through hub and spoke model**
- **Technology solutions** enable FOS to conduct business from channel/customer location leading to better sales productivity, better market coverage, improved channel and customer experience
- **Strong customer engagement** through large team of Field Executives
- **Toll free Inbound/Outbound Customer Call Centre** for servicing and cross sell

## 316 Branches as on 30<sup>th</sup> June 2019







**Integrity**

**Do the right thing (end), the right way (means) all the time**



**Collaboration**

**Invite ideas and inspiration for all**



**Respect**

**Treat people equally**

1 Company Overview

2 **Financial Performance – Q1 FY20**

3 Business Strategy

4 Business enablers to drive sustainable growth

5 Leadership Team & Shareholding Structure

6 Annexures

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# Key Highlights Q1 FY20

| Parameter        | Q1 FY19        | Q1 FY20        | YoY   |
|------------------|----------------|----------------|-------|
| Disbursement     | Rs. 1,839 crs  | Rs. 2,066 crs  | 12.3% |
| Disbursement IRR | 15.7%          | 15.9%          | 0.2%  |
| AUM              | Rs. 15,873 crs | Rs. 17,312 crs | 9.1%  |
| Gross NPA        | 8.8%           | 5.1%           | 3.7%  |
| Net NPA          | 4.4%           | 3.3%           | 1.1%  |
| NIM              | 8.6%           | 7.5%           | -1.1% |
| NCL              | 2.1%           | 3.0%           | 0.9%  |
| Opex Ratio       | 4.2%           | 4.1%           | 0.1%  |

## ➤ Liquidity scenario:

- Continued Business as usual, in one of the longest period of continued liquidity crisis
- Positive cumulative liquidity position across all buckets, assuming Working Capital limits as matched to maturity

## ➤ Consistent improvement in operational parameters:

- Disbursal & AUM growth, GNPA & NNPA reduction, IRR increase, Opex reduction
- Early warning indicators below threshold parameters, indicating robust quality of portfolio being underwritten.

## ➤ Elevated CoF and higher seasonal credit cost impacting Q1 FY20 profits

- PAT Rs. 11 crs against Rs. 68 crs in Q1 FY19
- Budget estimates based on historical trends predict significantly **lower credit cost** in quarters to come

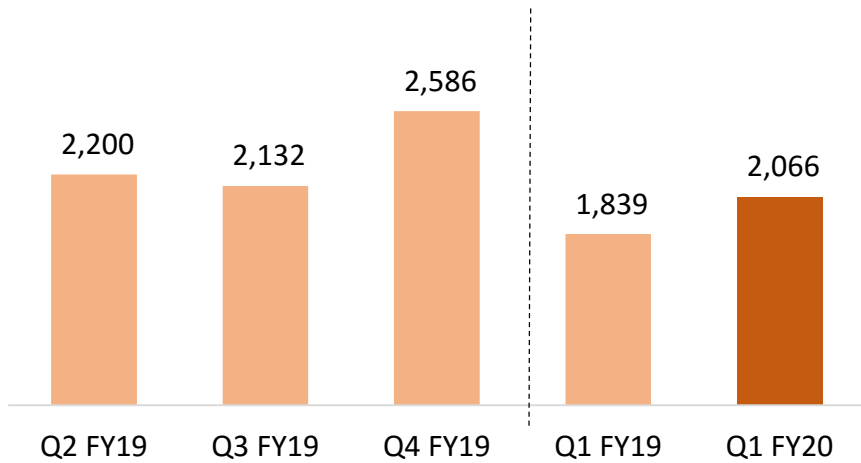
| Particulars              | Q4 FY19 to Q1 FY20 | Q1 FY19 to Q1 FY20 |
|--------------------------|--------------------|--------------------|
| Disbursement Yield delta | +20 bps            | +23 bps            |
| Book Yield delta         | -5 bps             | -24 bps            |
| NIM Compression          | -59 bps            | -108 bps           |

Addressing NIM expansion through following two key strategies:

- **Increasing ABF portfolio mix towards higher risk-adjusted-return assets**: Used assets at 47% of Q1FY20 disbursals vs 32% of Q1FY19 disbursals; increase in Yield within each product lower to ensure quality customer on-boarding
- **Increasing Fee Income (net of acquisition cost) through increase Cross-sale business**: approximately doubled cross sell disbursals YoY to ~90cr per month; plan to leverage bureau & rule-engine data-analytics to grow this further

- Seasonality, macro factors and conservative provision & write off policy led to optically higher NCLs, **estimated to settle at substantially lower levels** during the year
- **Collection Efficiency lower by 1.6%** in Q1FY20 (96.1% Vs 97.7%); however marked improvement visible in June.
- **Lower opportunity to write back** due to significant resolution of NPA pool done last year (43% smaller opening pool)
  - Roll Forward in Q1FY20 superior- 39% better performance
  - Roll Back is largely flat- 5.5% lower performance
- Asset Quality Indicators healthy: **June'19 EWI & CPMI best in 5 years**- poised for significant reduction in life time Credit Loss. Recent vintage delinquencies trending at multi-year lows: 1/3<sup>rd</sup> to 1/7<sup>th</sup> of last 4 year peak levels

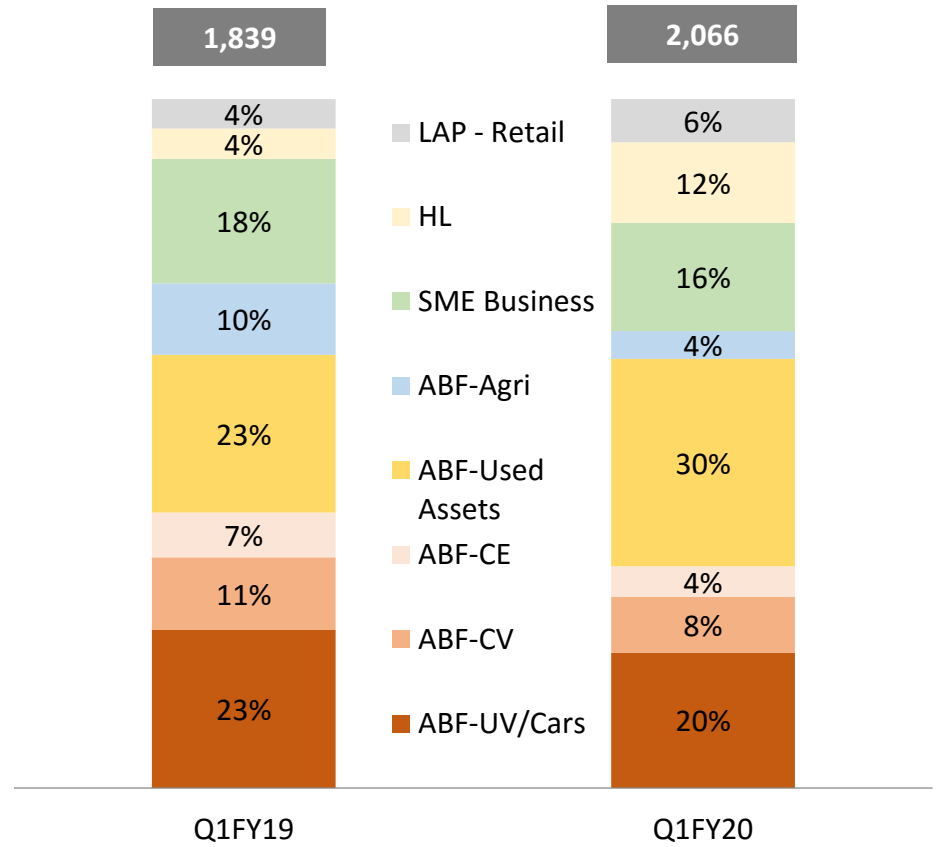
## QoQ growth in Disbursement



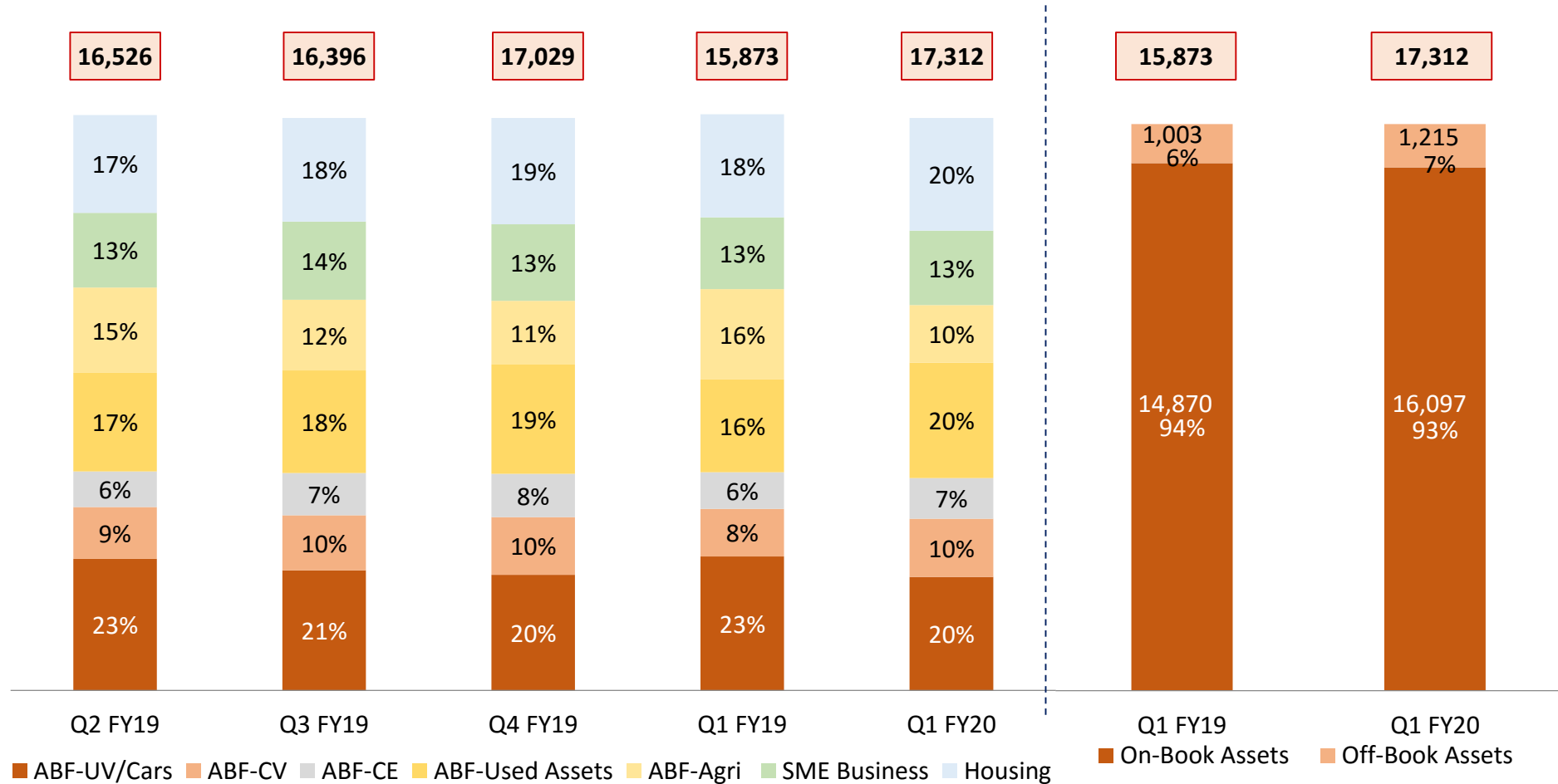
**Increase in contribution of core products, i.e., Used assets, Mortgage and SME finance from 49% to 64%**

Values in Rs crore

## YoY Change in Disbursement Mix



# Assets Under Management (AUM)



Values in Rs crore

| Particulars                                   | Q2 FY19      | Q3 FY19      | Q4 FY19      | Q1 FY19      | Q1 FY20      |
|---|--------------|--------------|--------------|--------------|--------------|
| Gross Stage 1 and Stage 2 Assets              | 13,895       | 13,913       | 14,898       | 13,569       | 15282        |
| ECL Provision – Stage 1 and 2                 | 348          | 333          | 293          | 359          | 300          |
| <b>Stage 1 and Stage 2 Coverage Ratio (%)</b> | <b>2.5%</b>  | <b>2.4%</b>  | <b>2.0%</b>  | <b>2.6%</b>  | <b>2.0%</b>  |
| Gross Stage 3 Assets                          | 1,326        | 910          | 747          | 1,302        | 814          |
| Net Stage 3 Assets                            | 631          | 586          | 472          | 626          | 523          |
| <b>Gross Stage 3 Assets (%) (~ GNPA)</b>      | <b>8.7%</b>  | <b>6.1%</b>  | <b>4.8%</b>  | <b>8.8%</b>  | <b>5.1%</b>  |
| <b>Net Stage 3 Assets (%) (~NNPA)</b>         | <b>4.3%</b>  | <b>4.0%</b>  | <b>3.1%</b>  | <b>4.4%</b>  | <b>3.3%</b>  |
| <b>Stage 3 Coverage Ratio (%)</b>             | <b>52.4%</b> | <b>35.6%</b> | <b>36.8%</b> | <b>51.9%</b> | <b>35.8%</b> |

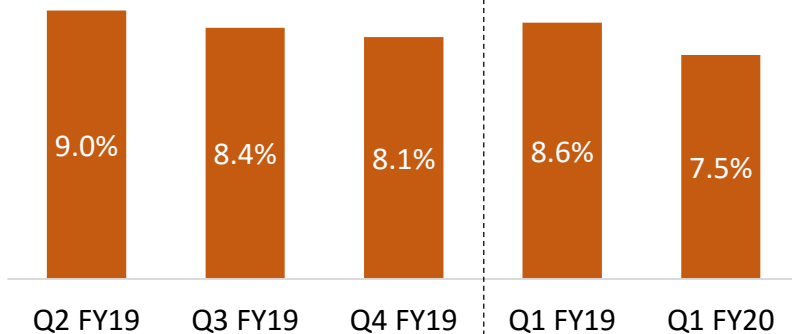
### Improved credit quality resulting in lower Stage 1 & 2 provisioning and much lower NPA

Note: Assets quality ratios are calculated basis On Book AUM (i.e. Direct Assignment book is excluded)  
 Figures for the previous periods have been restated/ regrouped to align with current quarter's presentation.



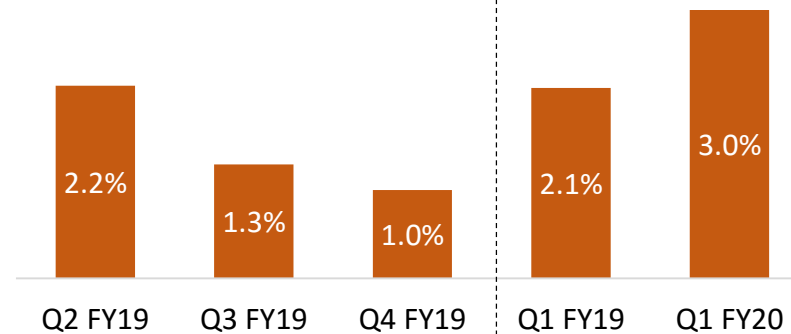
# Key Ratios

## NIM Analysis (% of AUM)



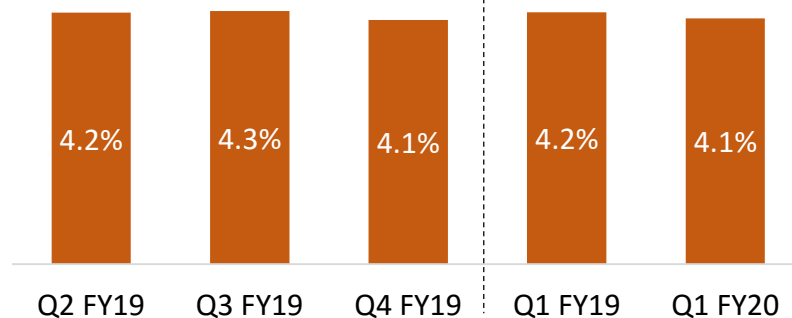
*NIM: (Total Income (incl. Other Income) – Interest Expenses) / Average AUM*

## NCL (% of AUM)



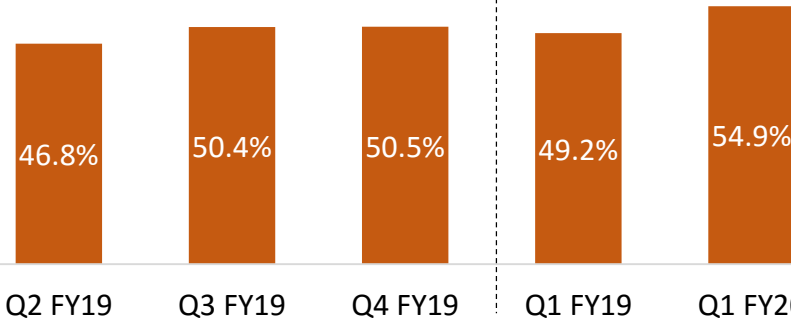
*NCL: Net Credit Loss / Average AUM*

## Opex Ratio



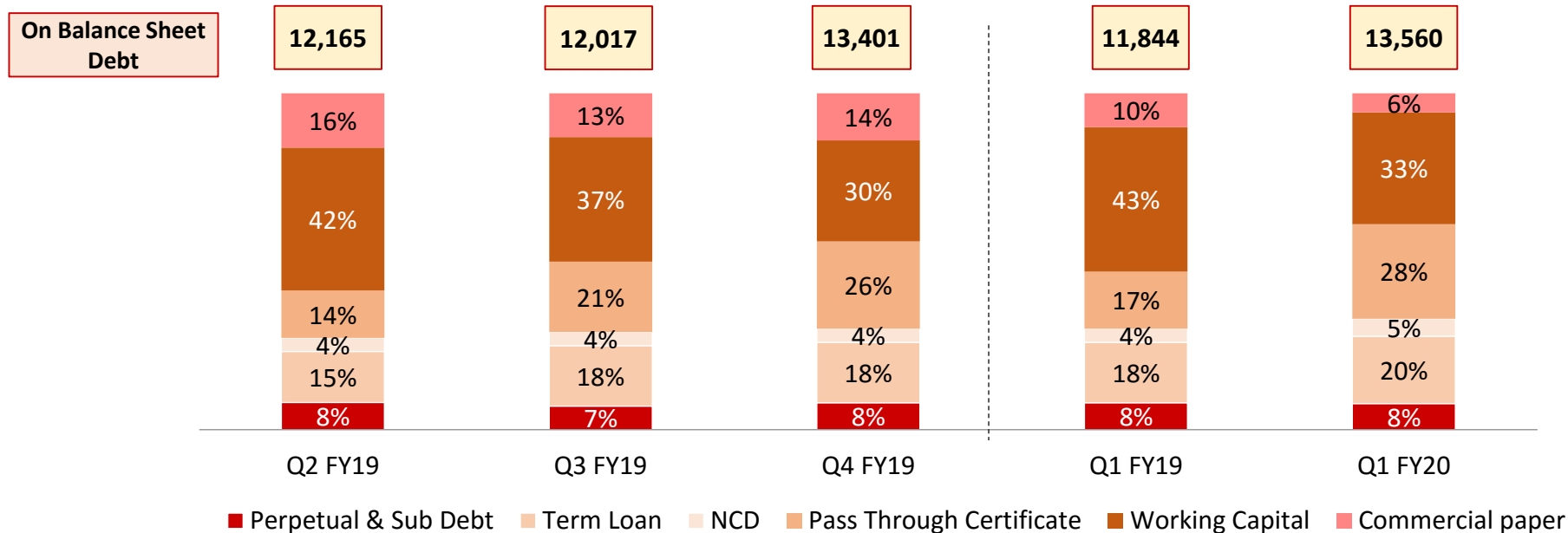
*Opex: Total operating cost / Average AUM*

## Cost / Net Income (%)



*Cost / Net Income% : Total operating cost / (Total Income (incl. Other Income) – Interest Expenses)*

# Liability Profile – Stable credit rating and Stable sources of funds

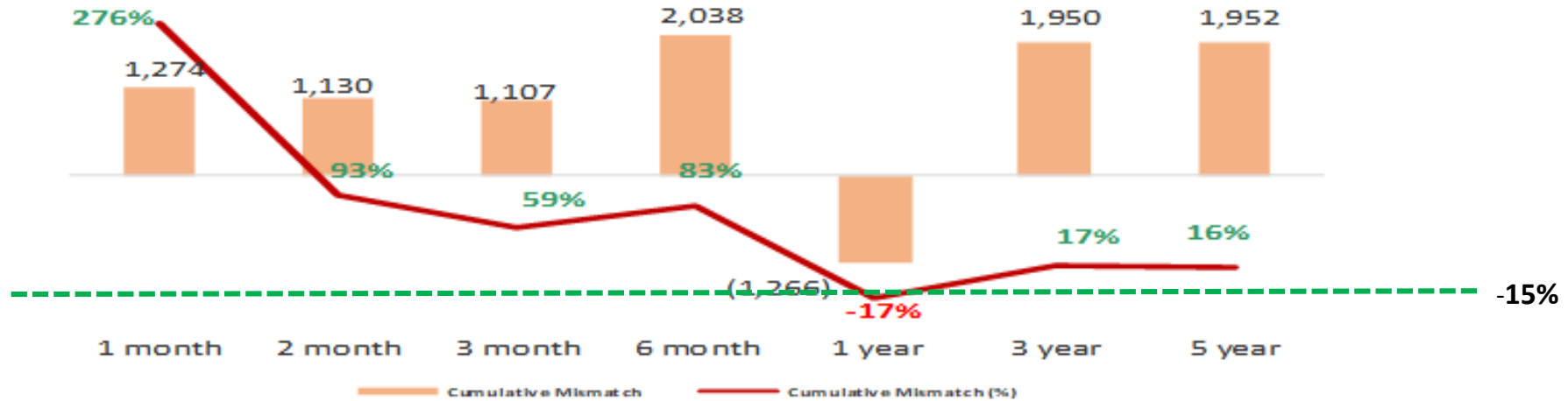


| Instrument      | Rating                                     |
|-----------------|--|
| Short term Debt | <b>A1+</b> (By CARE & CRISIL)              |
| Long term Debt  | <b>AA-</b> (By CARE, ICRA & India Ratings) |

- Diversified liability sources limit concentration risk and allows stable flow of funds.
- Source of liabilities - Banks 68%, Debt capital market 32%.

Balance Sheet Debt based on MFL Consolidated financials; Values in Rs crore.

## Structural Liquidity



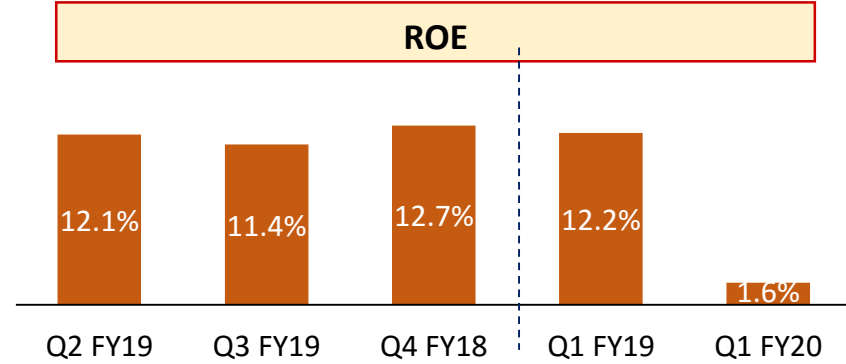
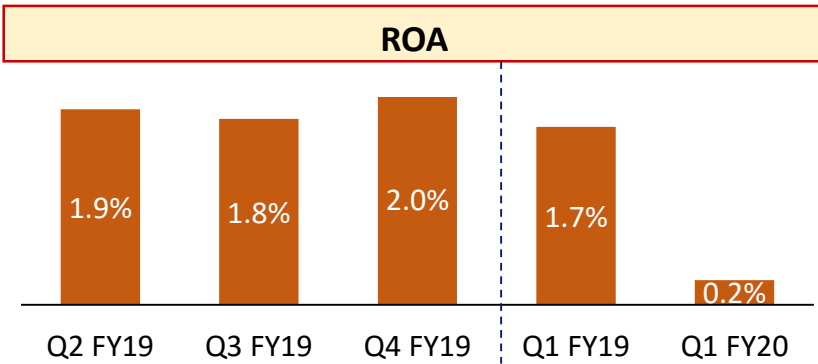
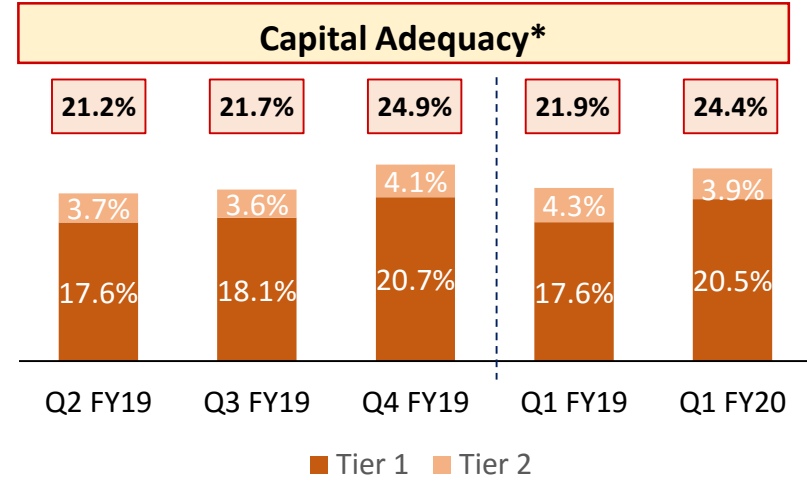
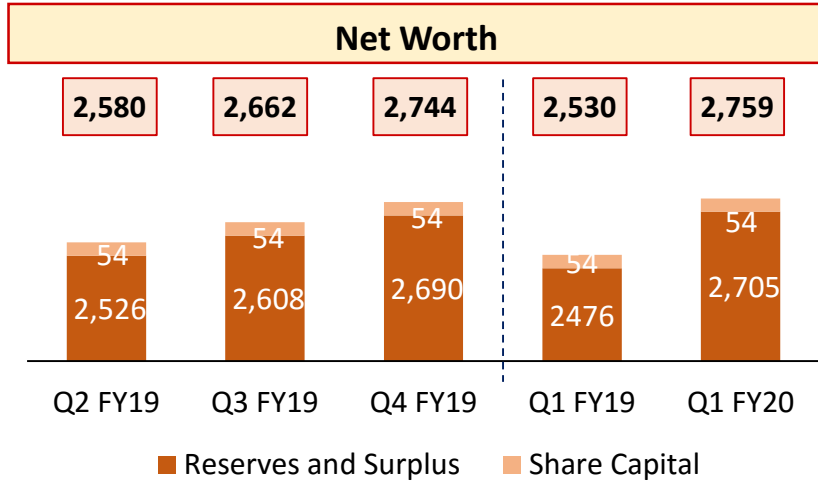
- Working capital limits are considered as repayable in 6 - 12 months time bucket against earlier treatment of considering matched to maturity of underlying assets.
- Behaviorally, Working Capital limits are renewed by banks every year and are thus revolving in nature. **Assuming 'working capital' limits as matched to maturity, the mismatch in 6 – 12 months time bucket turns to surplus of 18%.**
- The Company shall strive to raise additional long term funds to ensure the mismatch in all time buckets falls below 15% latest by 30<sup>th</sup> September 2019.

## ALM Policy & Governance

- Strong ALM policy to ensure adequate Liquidity at all times.
- Maintain adequate liquidity buffers to meet repayment obligations and to continue business uninterrupted for a period of **at least 1 calendar month**, assuming no fresh funding lines are available
- Perform regular Stress test – to ensure enough funding lines available at all times to meet repayment obligations for a period of **2 clear calendar months**, assuming no fresh disbursement and no fresh funding shall be available.

## Diversified Sources of Funds

- Strong and Long standing relationship with over 25 Banks since 1985
- Strong presence in Securitization market with Public and Private Sector Banks, Foreign Banks and Mutual Funds regularly subscribing to Company's Pass Through Certificates (PTCs).
- Proven track record in selling portfolios on Direct Assignment route with Public and Private Sector Banks.
- Have done over 235 securitization deals (both PTC & DA) for underlying Loan Principal of over Rs.42,400 crs over the past 13 years. Total securitization in Q1 FY20 is Rs. 942 crs.



ROA- PAT (excluding OCI) / Average AUM

ROE- PAT (excluding OCI) / Average Net Worth

Values in Rs crore

\* Subject to RBI guidelines

# Consolidated Profit & Loss Statement

| Particulars                                    | Q1 FY20    | Q4 FY19    | Q1 FY19    | FY19       |
|--|------------|------------|------------|------------|
| Net Revenue                                    | 323        | 339        | 341        | 1,391      |
| Expenses                                       | 177        | 171        | 167        | 684        |
| <b>Operating Profit</b>                        | <b>146</b> | <b>168</b> | <b>173</b> | <b>707</b> |
| Net Credit Loss                                | 129        | 41         | 84         | 265        |
| <b>Profit Before Tax</b>                       | <b>17</b>  | <b>127</b> | <b>89</b>  | <b>442</b> |
| Tax  | 5          | 40         | 29         | 138        |
| <b>Profit After Tax</b>                        | <b>12</b>  | <b>87</b>  | <b>60</b>  | <b>303</b> |
| Share of profit in Joint Ventures / Associates | -1         | -2         | 8          | 1          |
| <b>Consolidated Profit After Tax</b>           | <b>11</b>  | <b>85</b>  | <b>68</b>  | <b>304</b> |
| RoA  | 0.2%       | 2.0%       | 1.7%       | 1.9%       |
| RoE  | 1.6%       | 12.7%      | 12.2%      | 13.0%      |

Values in Rs crore

# Consolidated Balance Sheet

| Particulars               | 30-Jun-19     | 30-Jun-18     | 31-Mar-19     |
|---------------------------|---------------|---------------|---------------|
| Cash and Cash Equivalents | 540           | 456           | 957           |
| Loans and Advances        | 15,492        | 13,782        | 15,007        |
| Other Assets              | 669           | 673           | 637           |
| Fixed Assets              | 190           | 190           | 189           |
| <b>Total Assets</b>       | <b>16,892</b> | <b>15,100</b> | <b>16,789</b> |
| Borrowings                | 13,560        | 11,844        | 13,401        |
| Other Liabilities         | 574           | 726           | 644           |
| Share Capital             | 54            | 54            | 54            |
| Reserves & Surplus        | 2,705         | 2,476         | 2,690         |
| <b>Total Liabilities</b>  | <b>16,892</b> | <b>15,100</b> | <b>16,789</b> |

Values in Rs crore

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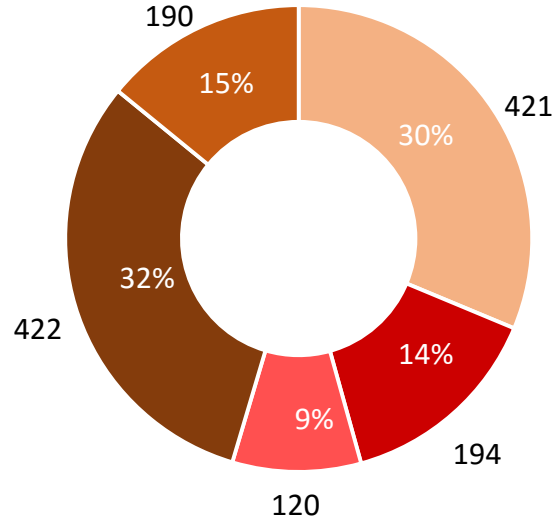
Branch & product Grading based on asset quality performance

Portfolio re-shaping by increasing contribution of focus products & customer segments

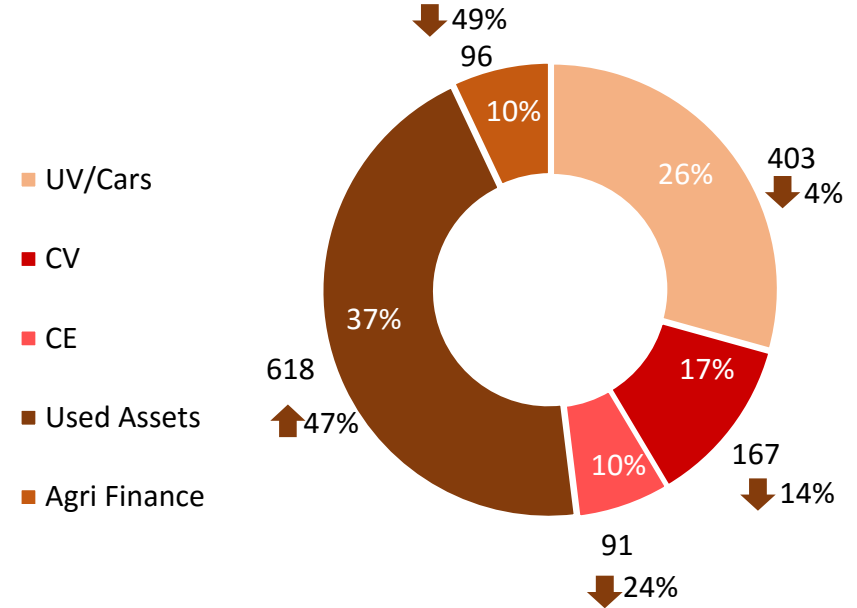
Credit Underwriting automated through a rule engine

Focus on customer retention through enhanced pre-approved offerings & processes

### Q1 FY19 ABF Disbursement



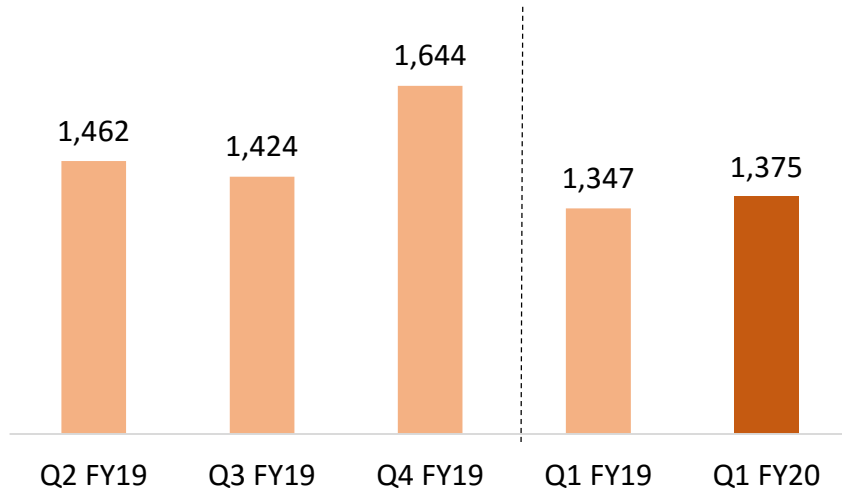
### Q1 FY20 ABF Disbursement



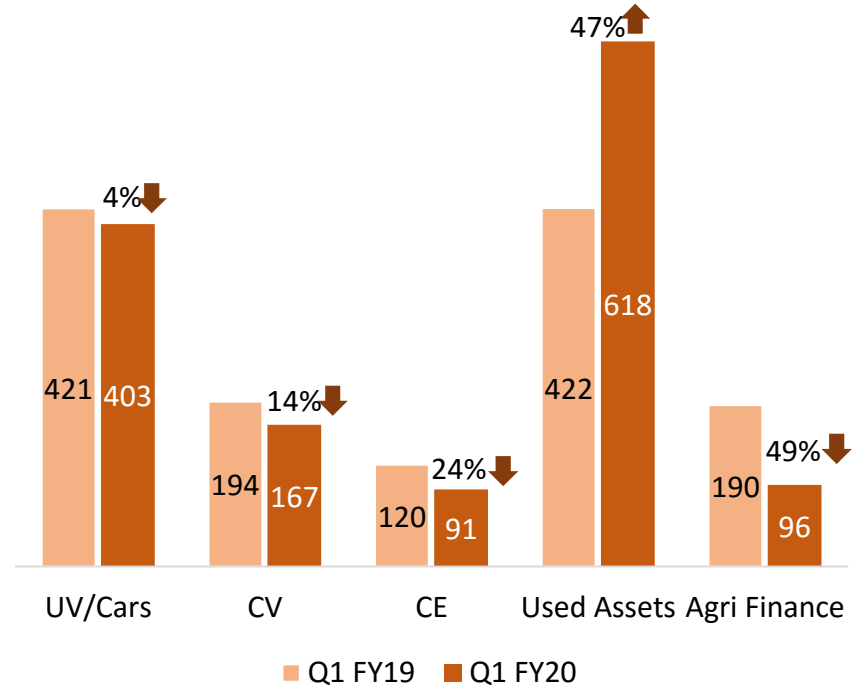
- While ABF Business disbursement had a marginal growth of ~2%, increasing from Rs. 1,347 crs in Q1FY19 to Rs. 1,375 crs in Q1FY20, Used Assets disbursement recorded a sharp 47% growth YoY

# ABF Disbursal Strategy - Change is evident

## Disbursement

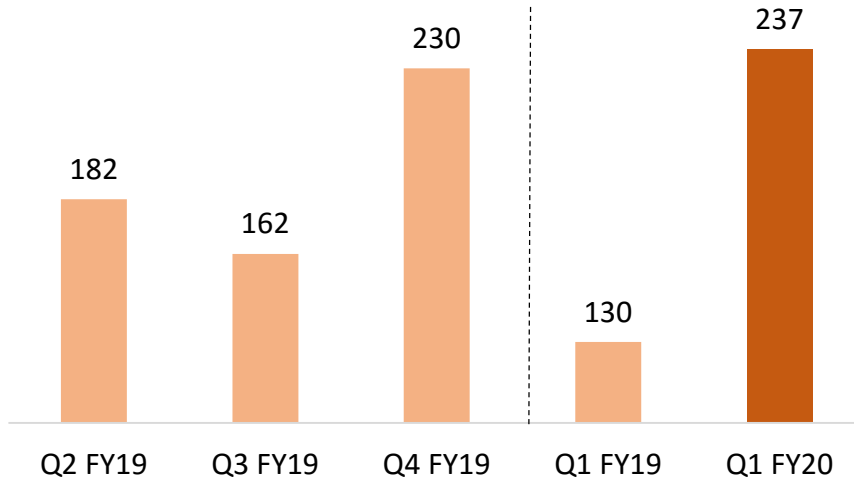


## Disbursement Mix



Significant growth in Used Assets

## Cross sell Disbursement

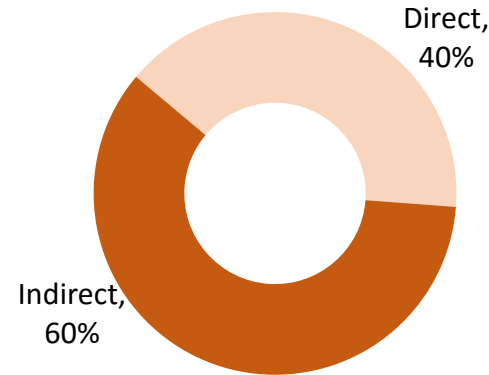


- Significant growth by 82% in cross sell business

Values in Rs crore

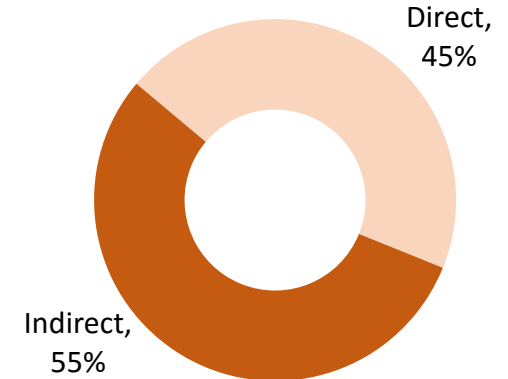
## Direct Business % of total ABF Disbursal

### Q1 FY19 ABF Disbursement



Rs. 1,347 crs

### Q1 FY20 ABF Disbursement

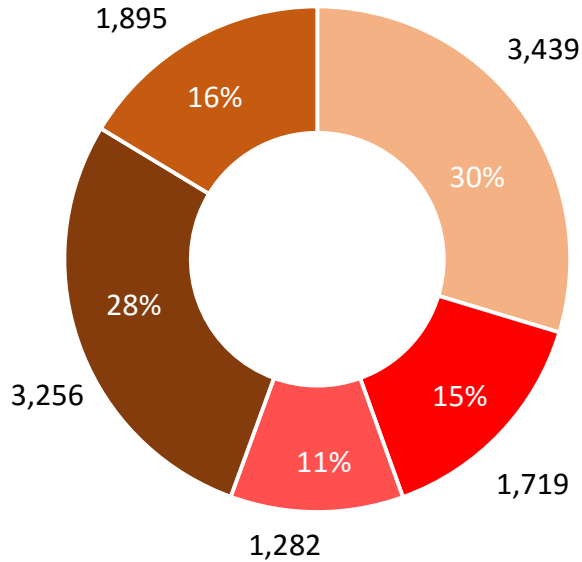


Rs. 1,375 crs

- Significant growth in direct business from 40% in Q1 FY19 to 45 % in Q1 FY20

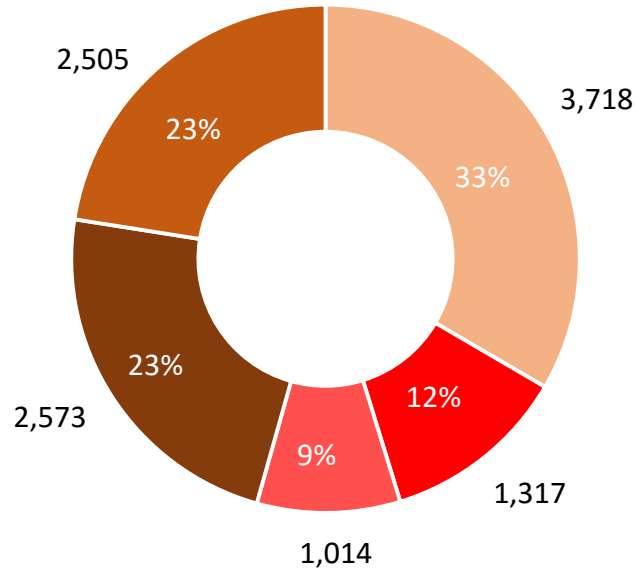
## Product-wise AUM Contribution

March'19



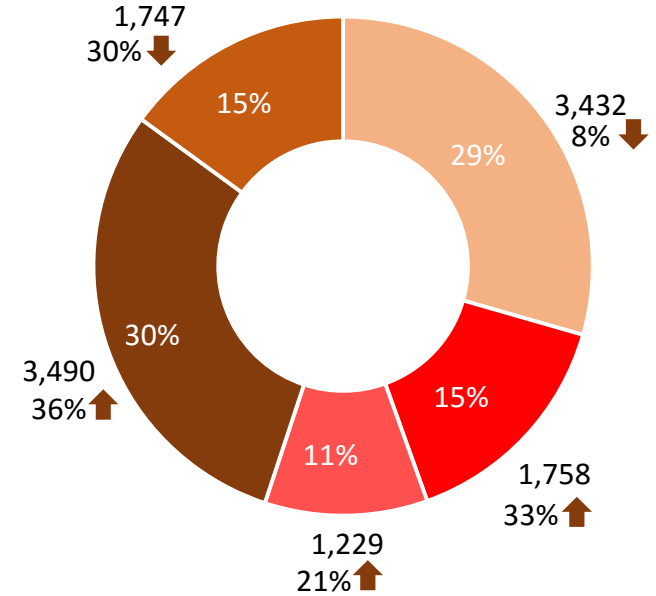
Rs. 11,591 crs

June'18



Rs. 11,127 crs

June'19

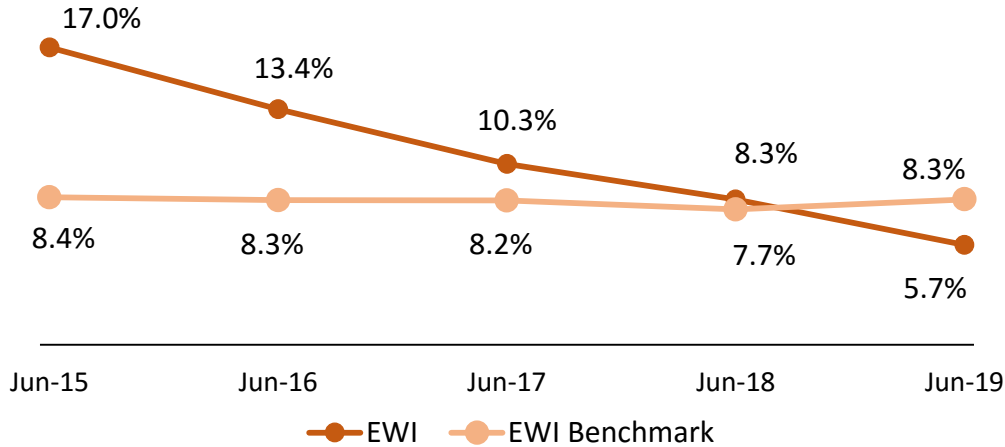


Rs. 11,655 crs

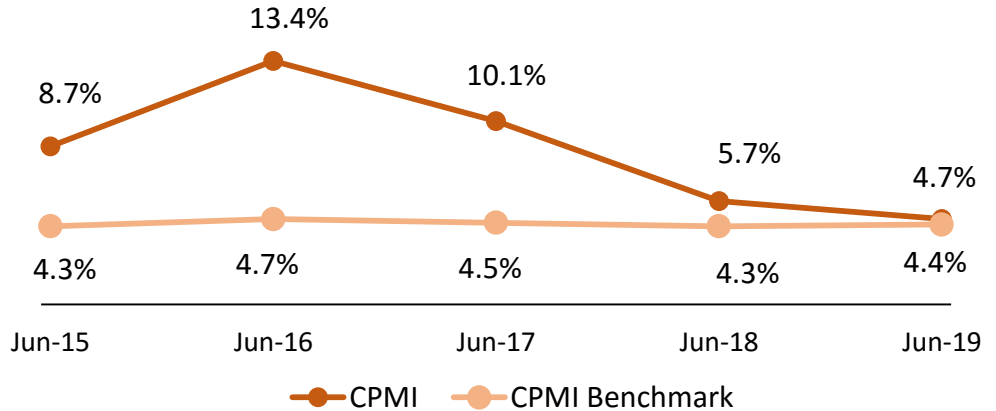
■ UV/Cars ■ CV ■ CE ■ Used Assets ■ Agri Finance

# ABF - Early Indicators: EWI & CPMI Trend

### EWI Trend for ABF



### CPMI Trend for ABF



|                | Jun-15 | Jun-16 | Jun-17 | Jun-18 | Jun-19 | Benchmark |
|----------------|--------|--------|--------|--------|--------|-----------|
| EWI            | 17.0%  | 13.4%  | 10.3%  | 8.3%   | 5.7%   | 8.3%      |
| Composite CPMI | 8.7%   | 13.4%  | 10.1%  | 5.7%   | 4.7%   | 4.4%      |

- Both portfolio quality parameters show a significant improvement in the trend
- June 19 was one of the lowest in terms of both EWI and Composite CPMI in last 5 years

EWI: Early Warning Indicators are the 0+% of each quarterly portfolio with 1 Quarter Lag (Tractor Non-Monthly structure is with 2 Quarter Lag)  
 CPMI: Continuous Portfolio Monitoring Indicator is a composite index of 4 indices monitoring the 60+% movement of quarterly portfolio at different time lag

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3 **Business Strategy – Affordable Housing Finance (AHF)**

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5 Leadership Team & Shareholding Structure

6 Annexures

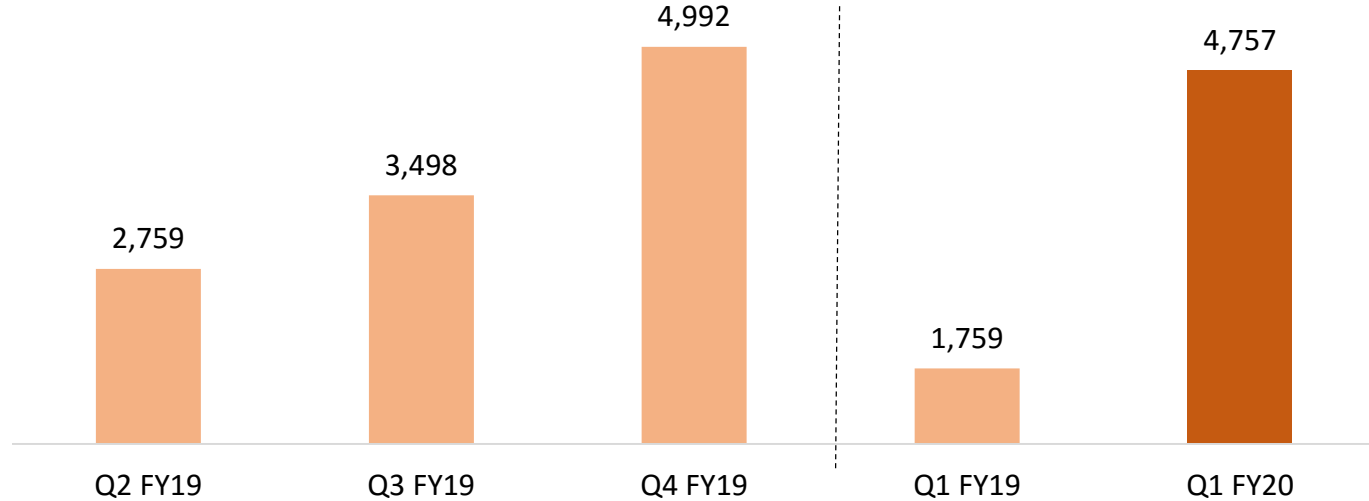
*Note: We have used various abbreviations, nomenclature, financial & non-financial ratios in this presentation. These may differ from the customary or industry practices and some of the products / geographical breakup are on best estimate basis. Please refer to the Glossary in this presentation for the definition or description of such abbreviations, nomenclature, financial & non-financial ratios.*

Affordable Housing Franchise continues to scale up

Sales process streamlined emphasizing direct origination

Innovation & Strategy unit in place for digital transformation

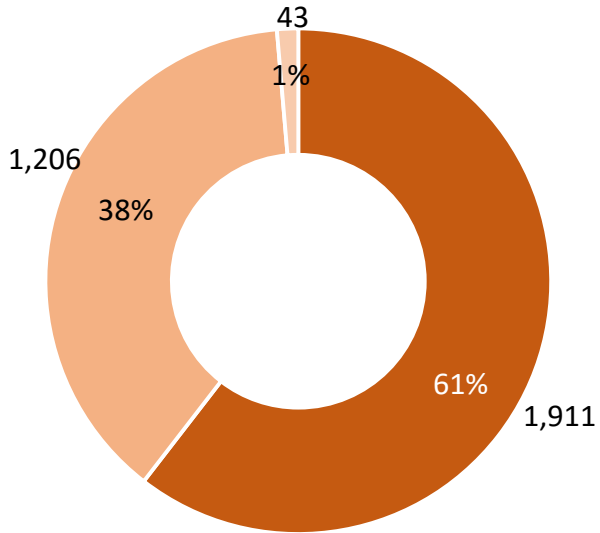
## Total AHF Disbursement (Units)



- Q1 FY20 Disbursements units have increased by 170% Y-o-Y basis

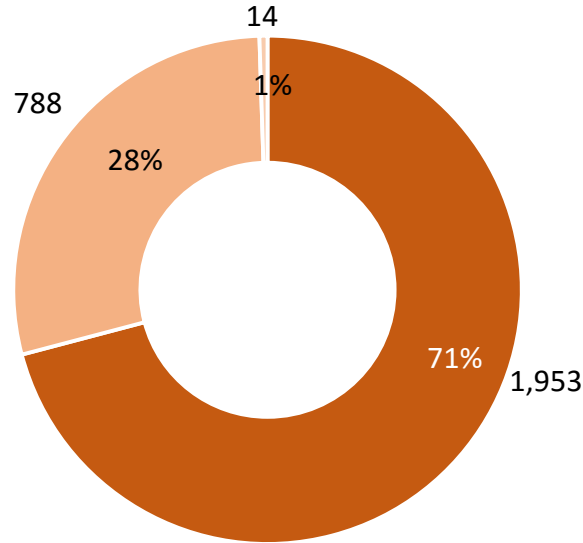
## Product-wise AUM Contribution

March '19



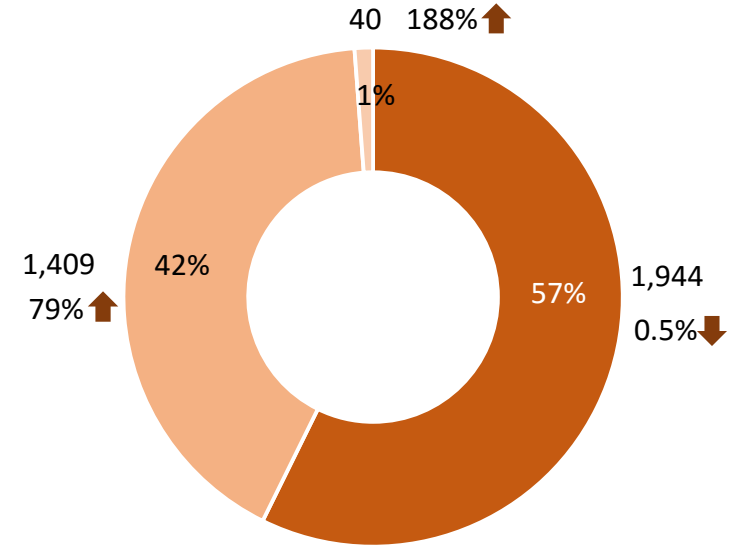
Rs. 3,160 crs

June '18



Rs. 2,755 crs

June '19



Rs. 3,393 crs

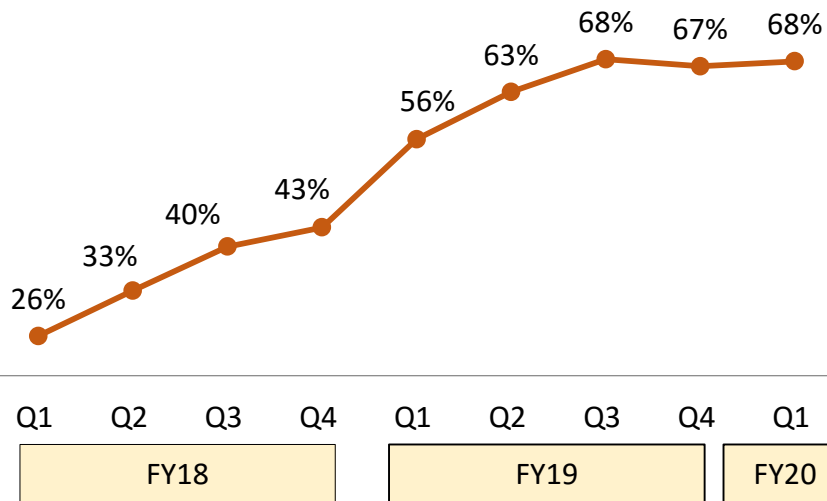
■ LAP ■ HL ■ CF

Values in Rs crore



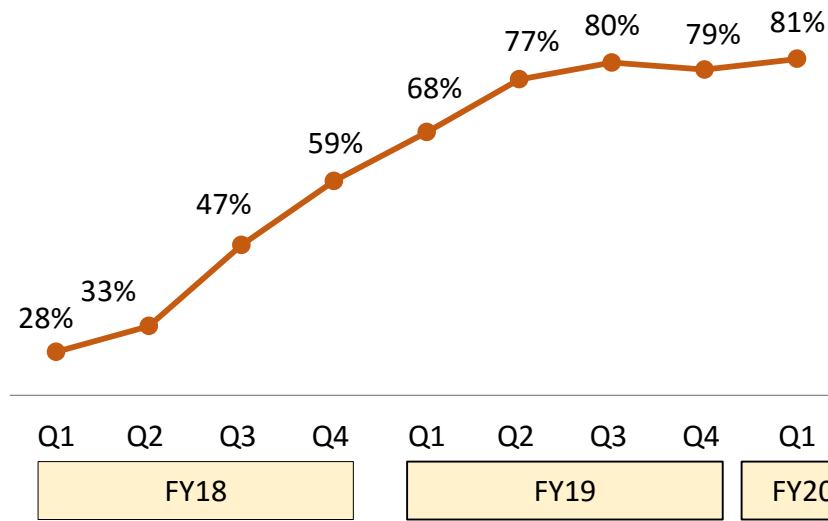
## Go Home Loan

### HL Ratio (Units)



## Go Direct

### Direct Ratio (Units)

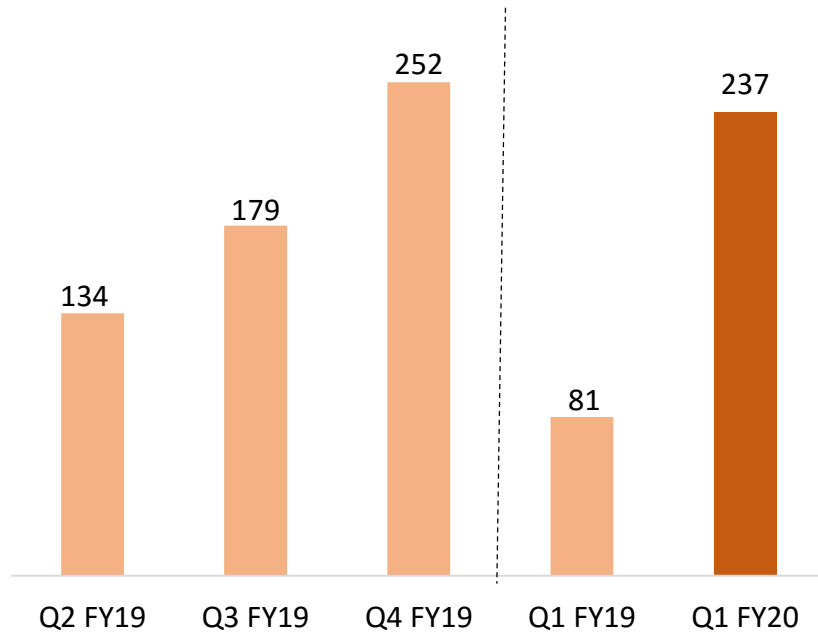


### Key Takeaways

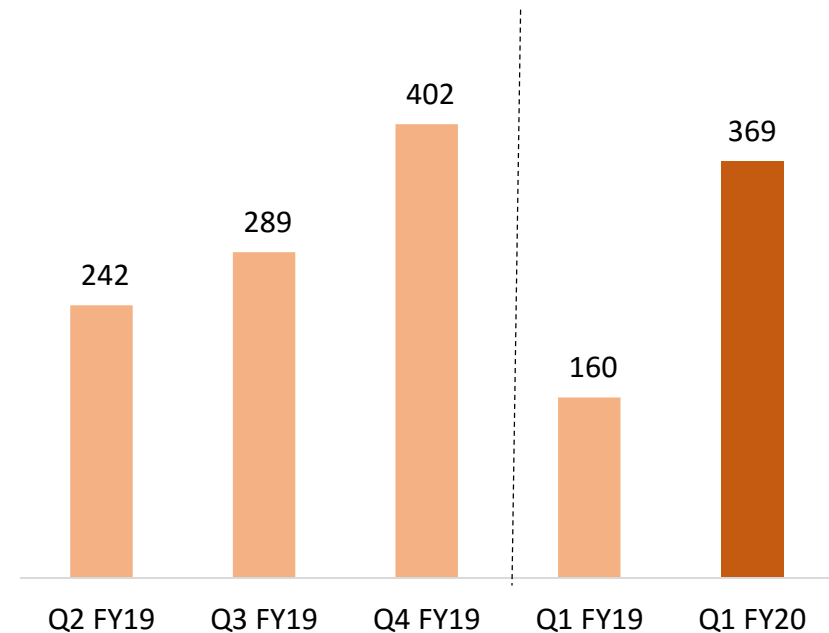
- HL Ratio has improved from 56% in Q1 FY19 to 68% in Q1 FY20
- Direct distribution capabilities being built-up; direct sourcing has improved from 68% in Q1 FY19 to 81% in Q1 FY20
- Focus on Go-to market strategy for further improvement in HL and Direct Sourcing – pre-approved affordable projects, increased cross sell penetration, localized market activities

*HL does not include Construction Finance. Direct Biz means Business directly generated by Magma employees without help from DDSAs / NDSAs / Brokers, and includes Cross-sell*

## Home Loan Disbursement



## Total AHF\* Disbursement

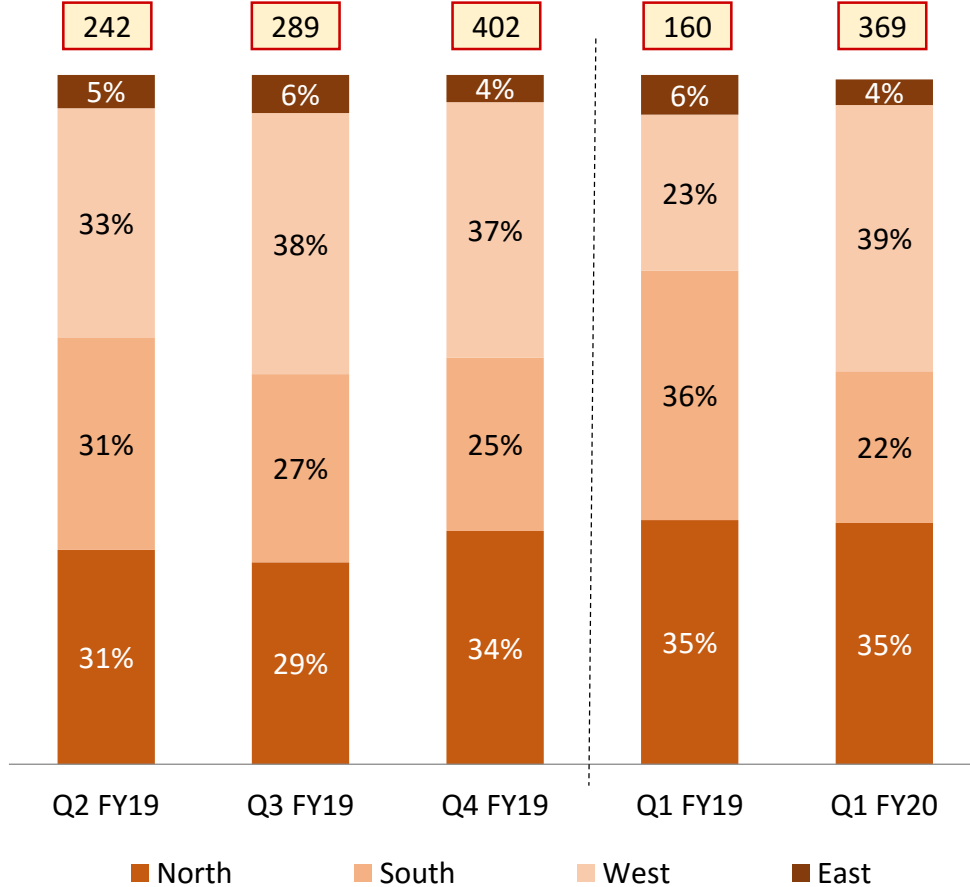


- 192% Y-o-Y improvement in HL disbursements in Q1 FY20 and 131% Y-o-Y improvement in overall Affordable Housing Finance disbursements in Q1 FY20

Values in Rs Crore; HL does not include Construction Finance

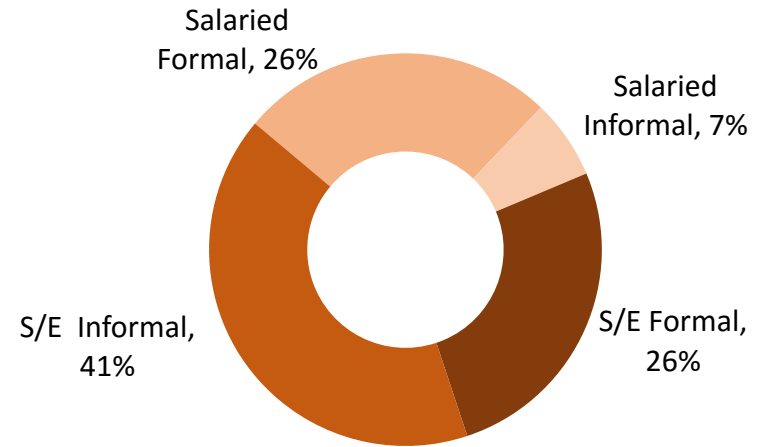
\* AHF includes HL, LAP and CF

## Geography

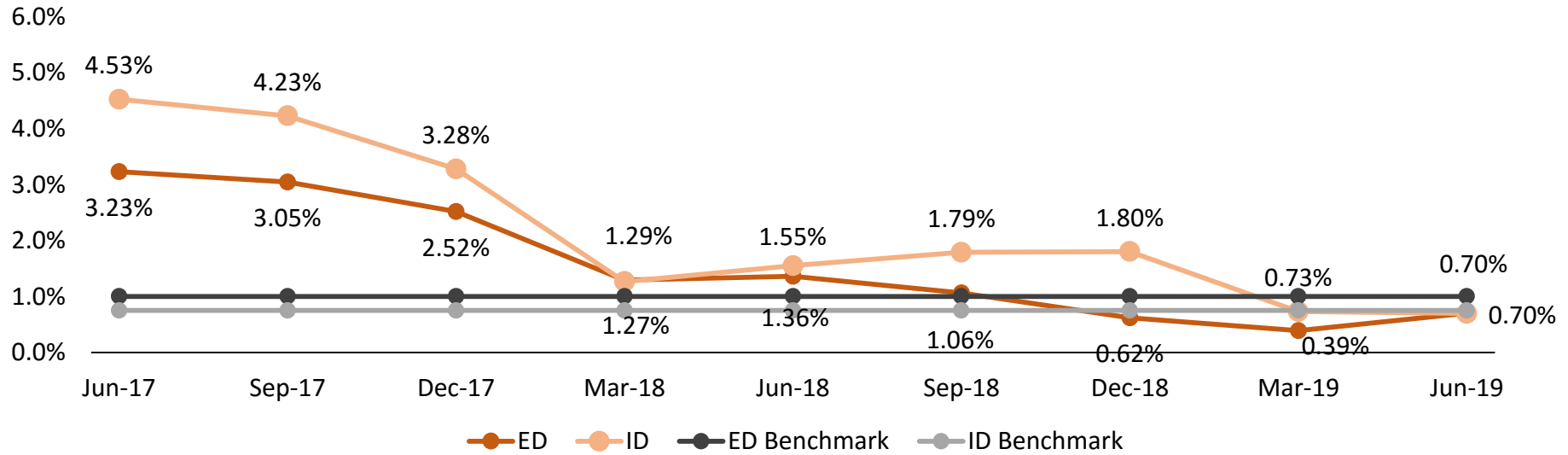


- **Focused deep market penetration** in 102 locations across 18 states using unit model implementation
- Significant reduction in the concentration risk
- Poised towards being a unique affordable finance company having national presence

## Customer Mix (Q1 FY20)



## ID & ED Trend for AHF



## Y-o-Y improvement in ED and ID for Affordable Housing Finance

ID = 0+ bkt % for cases sourced in last 6 months on 1 months lag basis including current month .  
 ED = 30+ bkt % for cases sourced in last 12 months on 2 month lag basis including current month.

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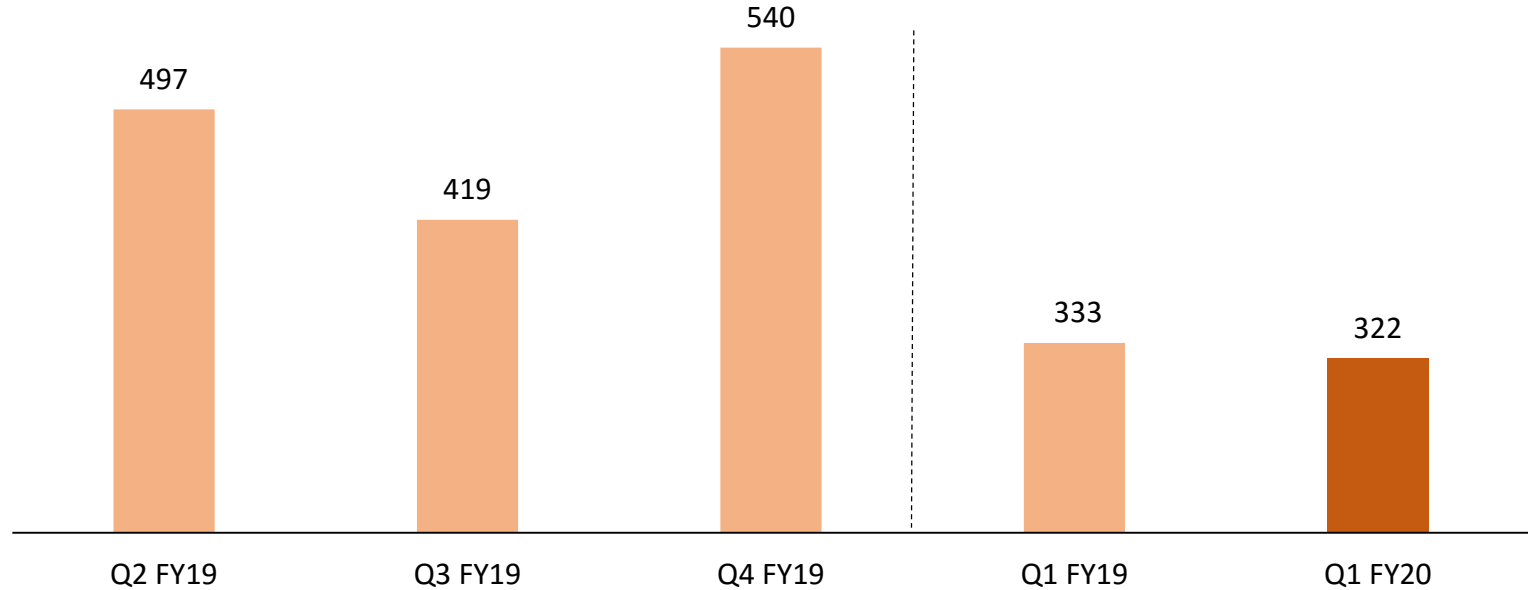
“Mscore” SME Credit Scorecard launched pan India across 80+ branches.

60% of logins following Straight-Through-Processing

SME Product bouquet enhanced with GST Product launch

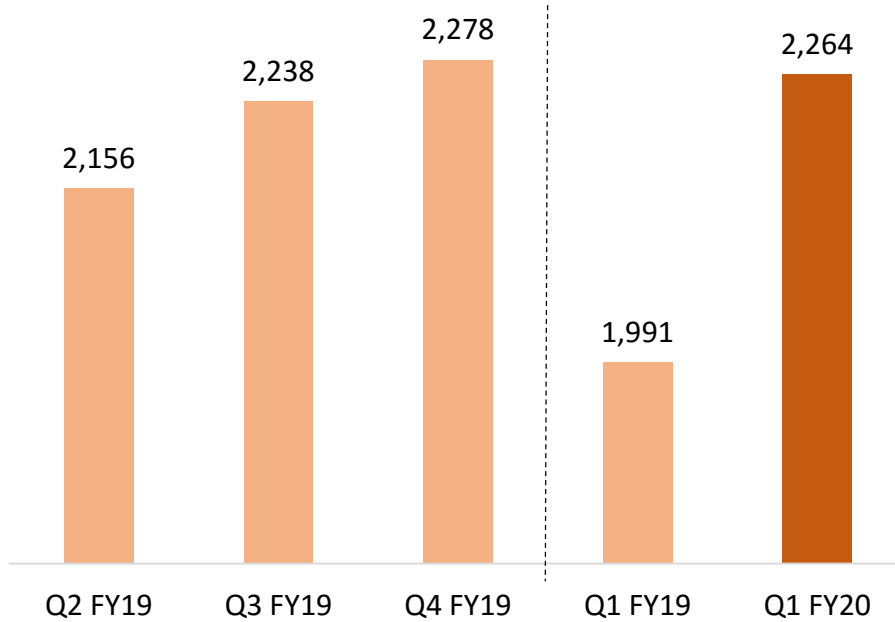
Continued Distribution focus in Upcountry markets. Clocked +18% growth in upcountry cities

## Disbursement momentum continues



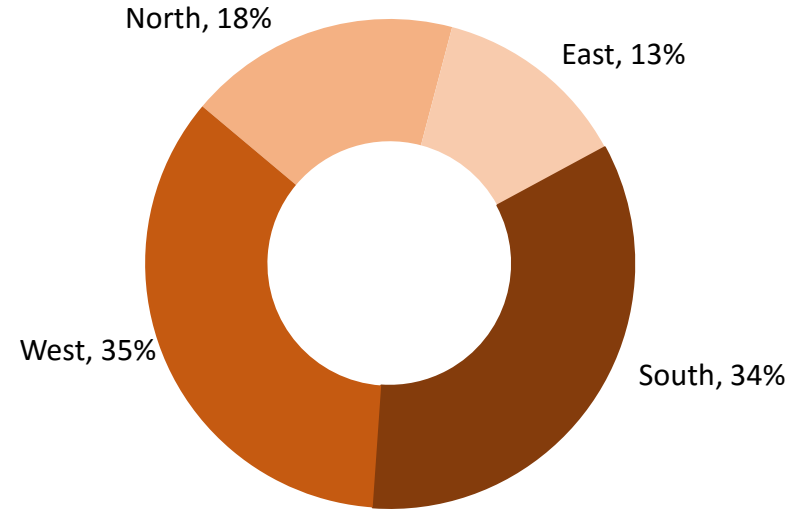
- AUM of SME Finance business grew by ~14% from Rs. 1,991 crs in Q1 FY19 to Rs. 2,264 crs in Q1 FY20

## AUM Growth



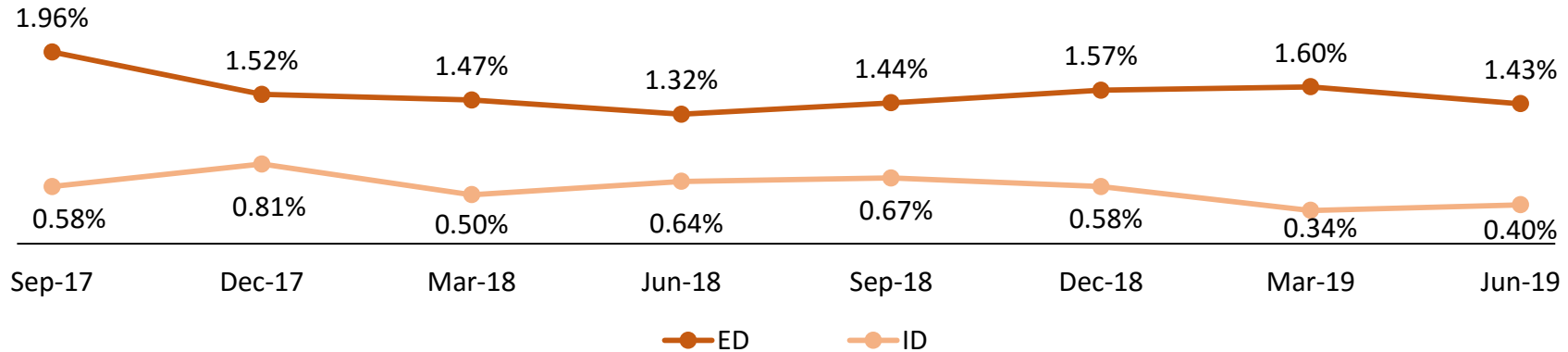
SME Finance business AUM grew by ~14% Y-o- Y

## Geographical Diversification



Geographically well diversified portfolio as on June'19

## ID & ED Trend for SME Finance



## Secular reduction in ID, consistent trend in ED

## EWI & CPI parameters for SME Finance under development

ID = 0+ bkt % for cases sourced in last 6 months on 1 month lag basis including current month .  
 ED = 60+ bkt % for cases sourced in last 12 months on 3 month lag basis including current month.



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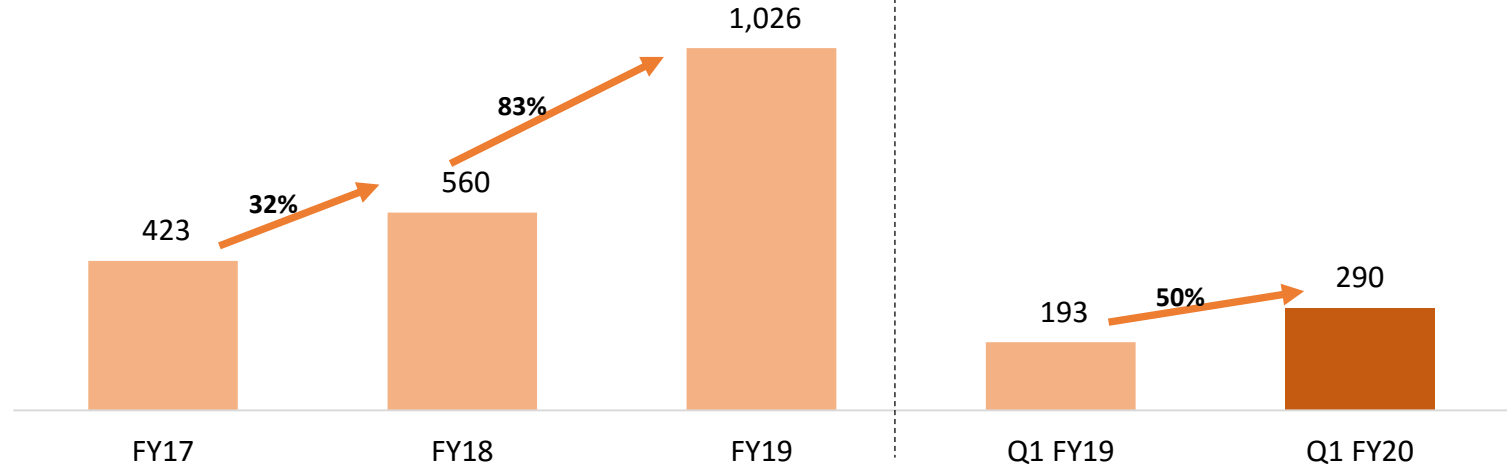
54.7% growth in GDPI for Q1FY20 vs industry growth of 10%

Ramp up in the OEM business with current partners. Continue to pitch to other OEMs

Entered into new relationships with medium sized NBFCs. Creating pipeline for 2<sup>nd</sup> quarter

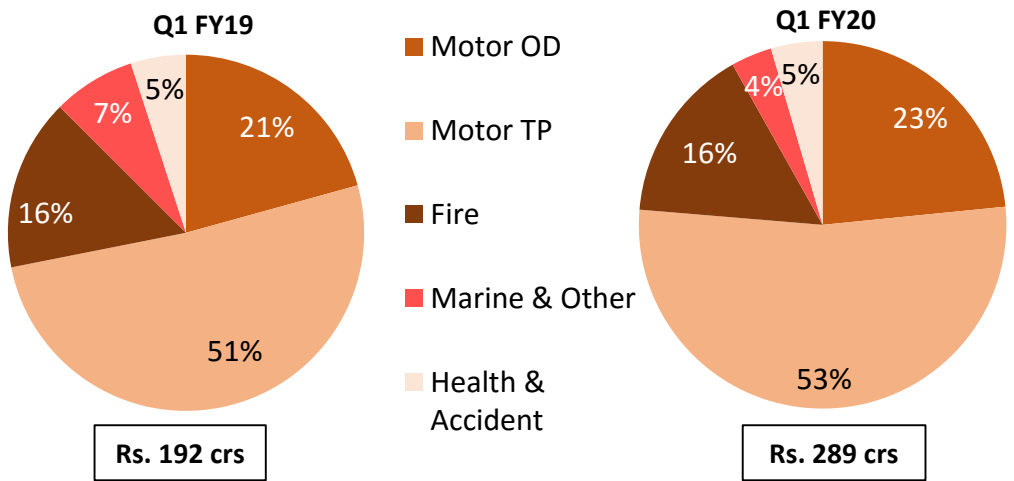
Building blocks being put in place for new initiatives on Health strategy

## Gross Written Premium

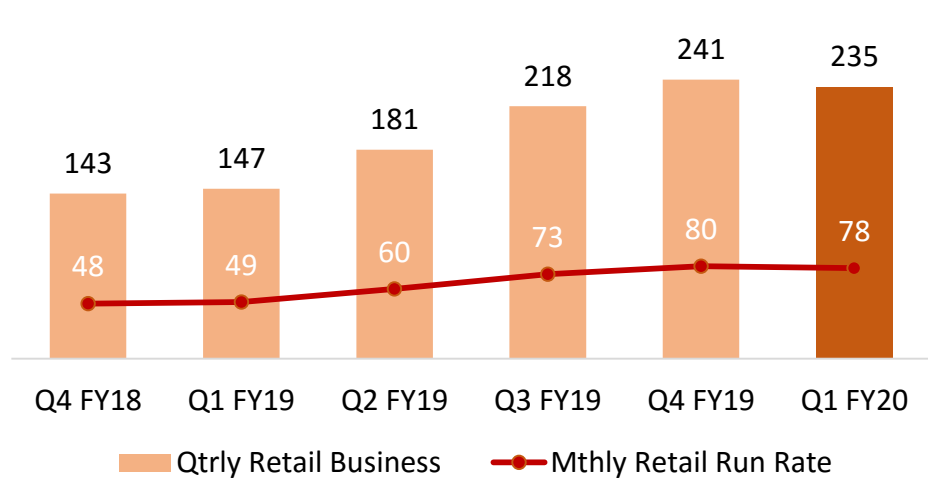


- **Business growth** – 50.5% GWPI growth Q-o-Q
- **OEM** tie-ups contributed 15.4% of GWP for Q1FY20
- **Branch expansion** – branch strength of 169 as at Q1 FY20 against 125 as at Q1 FY19
- Innovation & cost rationalisation continues: Real time claims processing, adoption of RPAs

## Portfolio Construct



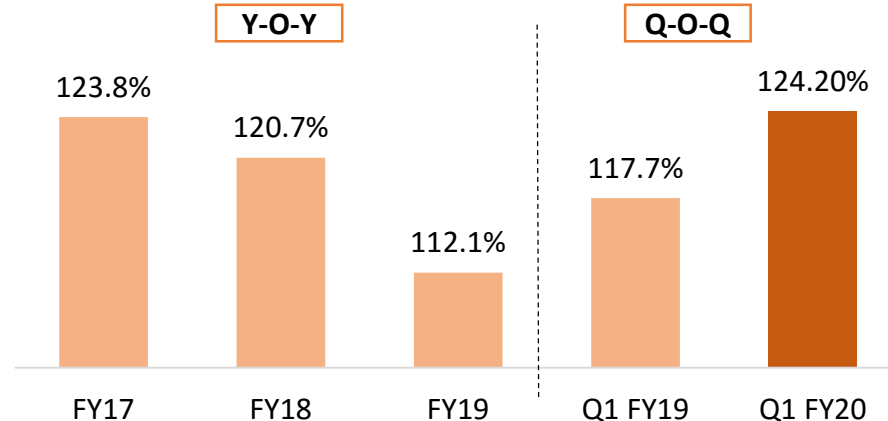
## Retail Run Rate



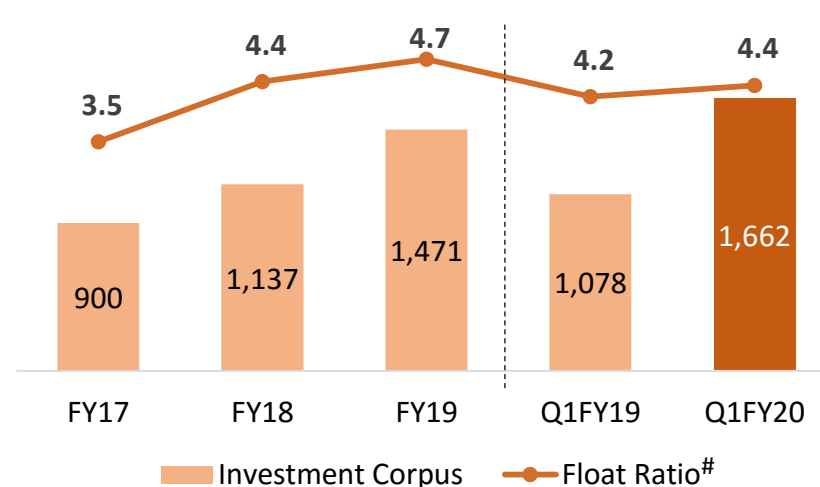
- **Motor Portfolio:** Continue to enjoy one of the lowest Own Damage loss ratio in the industry\*. Within motor, diversified portfolio across vehicle categories with geographical diversification.
- **Health & Accident Portfolio:** Continue efforts to build the health portfolio with new initiatives like branch cross sell to walk-in customers, telesales to existing customer database, attachment on all underlying credit portfolios.
- 60% increase in monthly run rate from Q1FY19 to Q1FY20; 81% of the portfolio is retail in line with the objective to grow the retail franchise.
- 25% increase in the commercial portfolio from Rs.44.5 crores in Q1 FY19 to Rs.55.5 crores in Q1 FY20 driven by expansion in client base as well as primary rate increases.

\*As per IRDAI Q4 FY19 quarterly public disclosures

## Combined Ratio Movement



## Investment Book & Float ratio



- Increase in combined ratio due to increased reinsurance cessions
- Loss ratio for Q1FY20 (82%) is largely in line with Q1FY19 (81.5%)
- Investment carrying yield as at Q1FY20 stands at 8.44%
- Solvency for the company stands at 1.76 times as against 1.50 times required by IRDAI

<sup>#</sup> Closing Investment corpus / Closing capital

# Magma HDI General Insurance Company (MHDI) Profit & Loss Statement

| Particulars                           | Q1 FY20    | Q4 FY19    | Q1 FY19    | FY19        |
|---------------------------------------|------------|------------|------------|-------------|
| Gross Written Premium                 | 290        | 359        | 193        | 1,026       |
| Net Written Premium                   | 167        | 224        | -18        | 517         |
| <b>Net Earned Premium</b>             | <b>164</b> | <b>188</b> | <b>-52</b> | <b>385</b>  |
| Net Claims Incurred                   | 135        | 166        | -95        | 271         |
| Net Commission                        | -11        | -15        | 2          | -29         |
| Management Expenses                   | 82         | 76         | 46         | 248         |
| Impairment loss (including reversals) | 0          | 8          | 0          | 10          |
| <b>Underwriting Profit</b>            | <b>-42</b> | <b>-47</b> | <b>-5</b>  | <b>-116</b> |
| Investment & Other Income             | 38         | 33         | 24         | 107         |
| <b>Profit Before Tax</b>              | <b>-3</b>  | <b>-14</b> | <b>19</b>  | <b>-8</b>   |
| Taxes                                 | 1          | -10        | 0          | -10         |
| <b>Profit After Tax</b>               | <b>-4</b>  | <b>-4</b>  | <b>19</b>  | <b>1</b>    |

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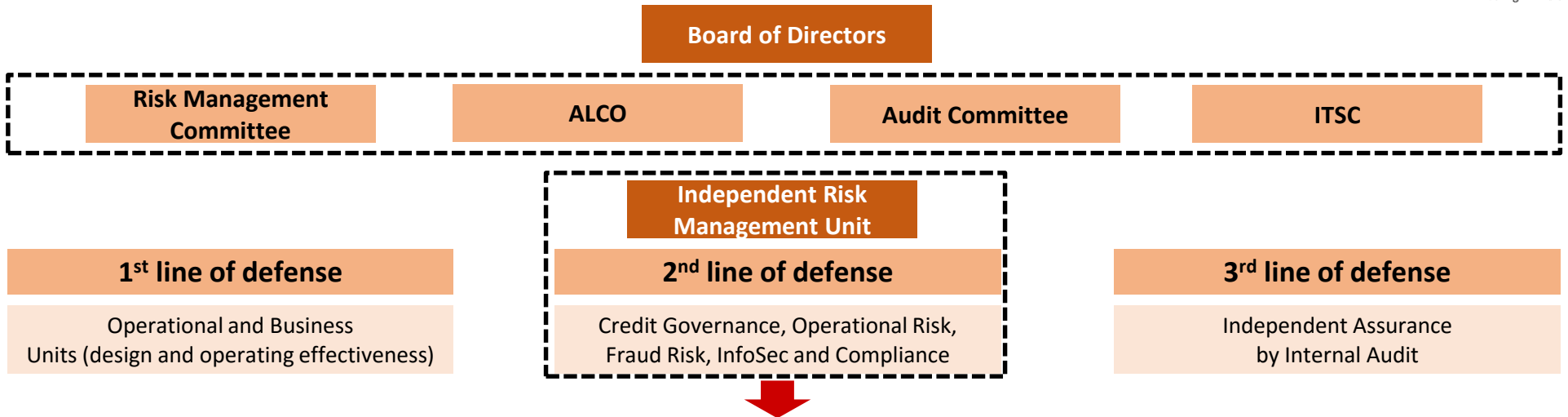
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# Enterprise wide, independent risk management framework

An integrated approach covering entity wide risks



| Components of Risk Management                | Overarching principles and execution   |
|--|--|
| <b>Risk Governance</b>                       | <ul style="list-style-type: none"> <li>• Risk Appetite Statement and Strategic Risk Assessment set the guardrails</li> <li>• Quarterly Committee meetings to assess enterprise risk profile</li> <li>• Well defined risk policies and standards</li> </ul> |
| <b>Operating controls and compliance</b>     | <ul style="list-style-type: none"> <li>• Comprehensive Risk library. Regular monitoring of Key Risk Indicators.</li> <li>• Internal Financial Controls (IFC) standards as mandated by Companies Act</li> </ul>   |
| <b>Credit underwriting strategies</b>        | <ul style="list-style-type: none"> <li>• Decisioning platforms based on segmental behavior and risk based pricing</li> <li>• Automated Credit Rule Engine with connectivity to bureau and fraud systems</li> </ul>   |
| <b>Analytics driven portfolio management</b> | <ul style="list-style-type: none"> <li>• Statistically derived Early Warning Indicators (EWI) and Continuous Portfolio Monitoring Indicators (CPMI)</li> <li>• Robust PD and LGD models guide consistently accurate loss forecasting</li> </ul>            |
| <b>Capital and Liquidity Management</b>      | <ul style="list-style-type: none"> <li>• Proactive management of ALM mismatch in each time bucket</li> <li>• Prudent capital and liquidity buffers for stress resilience</li> </ul>  |

- Enterprise Transformation '**Project Navoday**' launched in order to **modernize entire Technology stack**: Loan Origination System, Loan Management System, Data Warehouse, ERP, Mobility solutions etc.
- Proposed features will be **Automation of Workflow** vs. Email approvals, **Digital vs. physical document flow**, **Credit Engine**, Integration into **API economy**, **Field-force gamification** of incentive plan, and **Data analytics led decision making**. Expected outcome is significant **productivity enhancement and Turn Around Time (TAT) reduction**
- **Analytics powered Credit Engine** for Car, CV and Tractor loans implemented in FY19 leading to improvement in TAT and uniformity in credit decision. Credit engine for SME successfully launched April 2019.
- Defense in-depth protection approach, with controls and process implementation at every layer of IT landscape to **secure against internal and external cyber threats**.
- The field force is being empowered with **BYOD** for corporate applications both securely and with the convenience of using personal devices. This has resulted in **cost savings** on company provided mobile devices.



- Fully functional **role based and** state of the art learning tools aimed at enhancing productivity and behavior
- **Structured Onboarding Program** across levels for smooth onboarding and integration.
- **Development interventions through International program** for Senior leadership, including 360 degree feedback
- **Leadership Talent evaluation** for VPs & SVPs with an objective of building leadership depth & succession
- **Talent management framework** with objective of building internal talent pipeline and strengthening retention
- Empowering business leaders with **real time HR dashboards** to help them make informed people related decisions

- **360° customer view** across Lines of Business (LoB). CRM search basis several ID's including customer phone number
- **Unique Customer ID** across finance business
- Moving from paper to **digital communication** via both email and SMS
- Communication in **12 vernacular languages** for all key messages
- Increased **adoption of Mobile payments**
- **Structured customer engagement program** - Welcome calling to customers, Proactive connect to prevent complaints etc.
- **Transparent communication of all charges**
- Deep credit-bureau tie-ups to provide relevant products for cross-sell and increase **lifetime value of customer**
- **93% increase** in units and 81% in value for cross sell disbursements in Q1 FY20 vs Q1 FY19
- Customer Relations Management (CRM) application implementation leads to substantial improvement in cross sell to existing customers through **improved collaboration between customer service, branch operations and sales teams.**
- **6% reduction** in overall customer complaints in Q1 FY20 vs Q1 FY19

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## Promoter Directors

|  |  |
|--|--|
| <p><b>Mayank Poddar</b><br/><i>Chairman Emeritus and Whole time Director</i></p> | <ul style="list-style-type: none"> <li>• Supports policy formulation and guidance to the Management/Board</li> <li>• Over 30 years of experience in the financial sector.</li> </ul> |
|--|--|

|   |  |
|---|--|
| <p><b>Sanjay Chamria</b><br/><i>VC and MD</i></p> | <ul style="list-style-type: none"> <li>• Anchors strategic policy formulation and execution.</li> <li>• Drives new business initiatives and leads management team</li> </ul> |
|---|--|

## Non Promoter Directors

|   |   |
|---|---|
| <p><b>Narayan K Seshadri</b><br/><i>Non- executive Independent Chairman</i></p> | <p>He is on the Board of companies including Clearing Corporation of India Limited, PI Industries Limited and TVS Electronics Limited</p> |
|---|---|

|  |   |
|--|---|
| <p><b>VK Viswanathan</b><br/><i>Independent Director</i></p> | <p>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.</p> |
|--|---|

|   |  |
|---|--|
| <p><b>Satya Brata Ganguly</b><br/><i>Independent Director</i></p> | <p>Serves on the Boards of various reputed Indian companies including West Bengal Industrial Development Corporation Limited and Emami Limited</p> |
|---|--|

|  |   |
|--|---|
| <p><b>Vijayalakshmi R Iyer</b><br/><i>Non-Executive Independent Director</i></p> | <p>Previously served as an Executive Director of Central Bank of India, Chairperson and Managing Director of Bank of India. She was also a Whole Time Member (Finance and Investment) in the IRDAI.</p> |
|--|---|

# Management Team



**Sanjay Chamria**  
VC and MD

## Business CEO / Functions

## Support Functions



**Manish Jaiswal**  
MD & CEO - HFC,  
CEO - SME



**Rajive Kumaraswami**  
MD & CEO -MHDl



**Mahender Bagrodia**  
CCO - ABF



**Harshvardhan Chamria**  
Chief Digital Officer



**Rajneesh Mishra**  
Chief People Officer



**Deepak Patkar**  
Chief Risk Officer



**Kailash Baheti**  
Chief Financial Officer

**Jun-2017**

Head, Risk Advisory,  
Research and SME  
Ratings, CRISIL

**Jun-2016**

Chief  
Representative  
Officer - India  
Liaison office,  
SCOR Re, India

**Oct-2000**

General Manager,  
Tijaya Enterprises  
Ltd.

**Sept-2014**

Chief Strategy  
Officer- Housing and  
SME, Magma  
Fincorp Limited

**Jan-2019**

Vice president-HR,  
Bajaj Finserv Limited

**Sept-2018**

Chief Risk Officer,  
Fullerton India  
Credit Company  
Limited.

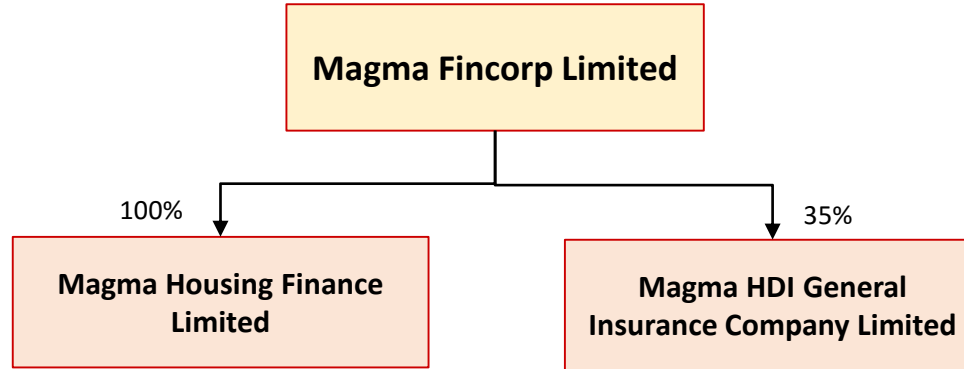
**Oct-2011**

CEO,  
Century Extrusions  
Limited

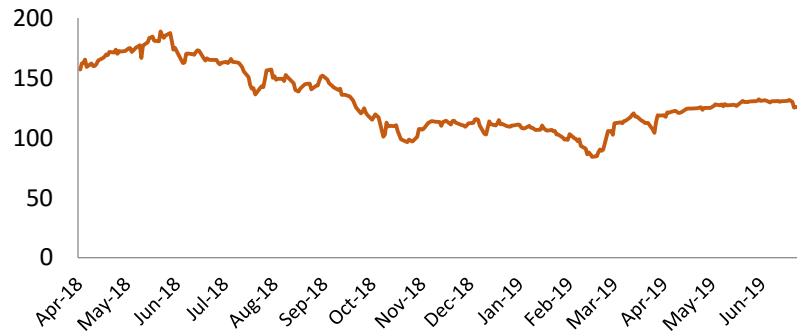
Kaushik Banerjee has stepped down from CEO – ABF Business, and continues as Advisor – ABF business

**Joined**

Title and Previous Company

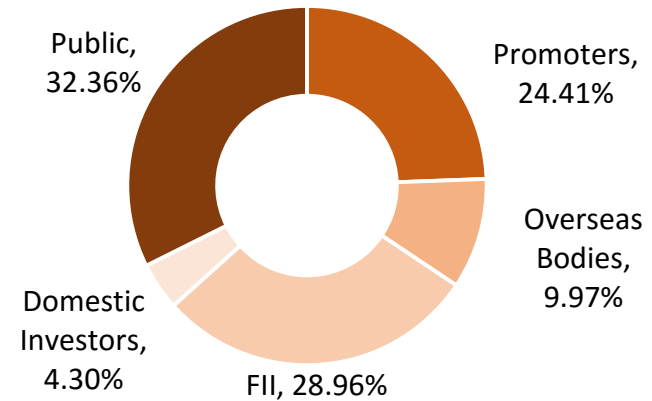


## Share Price Performance



Average share price data from NSE

## Shareholding (30-June-2019)



*THANK YOU*



# Glossary

|                        |  |
|------------------------|--|
| AUM                    | Assets Under Management: On-Book & Off-Book Loan Assets  |
| Average AUM (AAUM)     | Average of opening and closing AUM   |
| FOS / Field Officer    | Feet on Street   |
| ABF                    | Asset Backed Finance   |
| AHF                    | Affordable Housing Finance   |
| HL                     | Home Loan  |
| LAP                    | Loan against property  |
| SME                    | Small & Medium Enterprises   |
| NDSA                   | Non-dealer Direct Selling Agent  |
| DDSA                   | Dealer Direct Selling Agent  |
| Direct Biz             | Direct Biz means Business directly generated by Magma employees without help from DDSAs / NDSAs / Brokers, and includes Cross-sell |
| Mortgage Direct Biz    | Business through connectors is included in Direct business   |
| ATS                    | Average Ticket Size  |
| Mortgage ATS           | Disbursals during the month / Number of first time disbursals  |
| ODPOS                  | Overdue + Principal Outstanding  |
| NIM                    | Net Interest Margin: [Total Income (incl. Other Income)– Interest Expenses]/Average AUM  |
| Yield                  | Weighted average yield on Loan Assets including Off-Book Loan assets   |
| CoF                    | Cost of Funds: Weighted average cost of borrowings including securitization  |
| Opex / AUM%            | Opex / Average AUM   |
| Total Assets           | On B/S Assets of MFL (Consolidated)  |
| NCL                    | Prov. & Write-off/ Average AUM   |
| Gross Stage 3 Assets % | Gross Stage 3 Assets / Closing AUM (On-book)   |
| Net Stage 3 Assets %   | (Gross Stage 3 Assets – ECL Provision – Stage 3) / (Closing AUM (On-book) – ECL Provision Stage 3)                                 |
| ECL                    | Estimated Credit Loss  |
| RoA                    | PAT (excluding OCI) / Average AUM  |
| RoE                    | PAT (Excluding OCI) / (Net worth - Goodwill)   |
| Networth               | Equity Share Capital + Reserves & Surplus  |
| BVPS                   | Book Value per share: (Net worth-Goodwill) / No. of Equity shares outstanding  |
| EPS                    | Earnings Per Share (Diluted)   |
| MITL                   | Magma ITL Finance Limited (Merged with MFL)  |
| MHF                    | Magma Housing Finance Limited (100% Subsidiary)  |
| MHDI                   | Magma HDI General Insurance Company Limited (Joint Venture)  |
| SENP                   | Self-employed Non Professional   |
| SEP                    | Self-employed Professional   |
| NIP                    | No income Proof  |



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# Magma Fincorp Ltd. (MFL) Standalone Profit & Loss Statement

| Particulars              | Q1 FY20    | Q4 FY19    | Q1 FY19    | FY19       |
|--------------------------|------------|------------|------------|------------|
| Net Revenue              | 285        | 313        | 312        | 1,267      |
| Expenses                 | 150        | 145        | 150        | 602        |
| <b>Operating Profit</b>  | <b>135</b> | <b>168</b> | <b>162</b> | <b>665</b> |
| Net Credit Loss          | 124        | 42         | 84         | 262        |
| <b>Profit Before Tax</b> | <b>11</b>  | <b>125</b> | <b>78</b>  | <b>403</b> |
| Tax                      | 3          | 39         | 26         | 128        |
| <b>Profit After Tax</b>  | <b>8</b>   | <b>87</b>  | <b>51</b>  | <b>275</b> |

# Magma Fincorp Ltd. (MFL) Standalone Balance Sheet

| Particulars               | 30-Jun-19     | 30-Jun-18     | 31-Mar-19     |
|---------------------------|---------------|---------------|---------------|
| Cash and Cash Equivalents | 519           | 454           | 933           |
| Loans and Advances        | 13,534        | 12,321        | 13,138        |
| Other Assets              | 766           | 763           | 733           |
| Fixed Assets              | 189           | 188           | 187           |
| <b>Total Assets</b>       | <b>15,008</b> | <b>13,726</b> | <b>14,991</b> |
| Borrowings                | 11,912        | 10,675        | 11,828        |
| Other Liabilities         | 536           | 694           | 607           |
| Share Capital             | 54            | 54            | 54            |
| Reserves & Surplus        | 2,507         | 2,303         | 2,502         |
| <b>Total Liabilities</b>  | <b>15,008</b> | <b>13,726</b> | <b>14,991</b> |

# Magma Housing Finance Ltd. (MHFL) Standalone Profit & Loss Statement

| Particulars              | Q1 FY20   | Q4 FY19  | Q1 FY19   | FY19      |
|--------------------------|-----------|----------|-----------|-----------|
| Net Revenue              | 45        | 35       | 29        | 133       |
| Expenses                 | 27        | 27       | 17        | 83        |
| <b>Operating Profit</b>  | <b>18</b> | <b>8</b> | <b>12</b> | <b>50</b> |
| Net Credit Loss          | 5         | -1       | 1         | 3         |
| <b>Profit Before Tax</b> | <b>14</b> | <b>9</b> | <b>11</b> | <b>47</b> |
| Tax                      | 4         | 3        | 2         | 13        |
| <b>Profit After Tax</b>  | <b>10</b> | <b>6</b> | <b>9</b>  | <b>34</b> |



## Corporate Social Responsibility

Magma has received nearly a dozen awards in the last few years for its CSR activities including the following awards received in FY19:

- Asian Customer Engagement Forum & Awards - Best CSR Event, 2018 (**M Care**)
- Indian Chamber **SOCIAL IMPACT AWARDS** – Special Jury Award for environment Sustainability, 2018 (**Highway Heroes**)
- **Best CSR Impact Award** from Corporate Social Responsibility Summit & Awards, 2019 (by UBS Forum)

## Corporate Communication

Magma has received about 10 awards for Corporate Communications from leading forums. The recent ones are:

- League of American Communications Professionals (LACP) Spotlight Awards, 2017 for Annual Report Design
- EPC Awards 2017, Best PR Campaign of the Year

## Information Technology

- CIO Crown Award for Innovation, 2017



## Magma Highway Heroes



- A programme for Truck Drivers to train them on Road Safety and vehicle maintenance. The lone formal Training camp run by PCRA, Govt of India, with a Truck Financing NBFC in India.
- Training provided to over 1.75 Lac Truck Drivers at 250 camps across the country.
- Reduction in CO2 Emission estimated 790 Lac kg and Diesel consumption reduced by 2 crore Litres per year.
- E-Toilets for Sanitation at Transport Nagars benefit approx. 50,000 Truck drivers per year

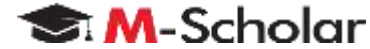
## Ekal Vidyalaya & Mid Day meal Programmes

- **Mid-day Meal** offered to 6500 kids in Govt. Schools in 7 states (West Bengal, NCR, Maharashtra, Jharkhand, Andhra, Haryana and Rajasthan)



- Adopted 16 Ekal Vidyalaya Schools in Tribal areas of CG, Jharkhand

## Magma M Scholar



- Magma M Scholar offers Scholarship to meritorious students from poor families
- Over past 4 years, M Scholar has offered 300 scholarships. 2015 batch students now work for ISRO, Grant Thornton, Qualcomm, Amdots etc.

## Magma M Care – Mobile health Camps

- Magma runs M Care health camps at Rural India. Till date, nearly 1 Lac people benefitted.
- Magma's M Care camps in Post Flood Kerala, Sept – Nov 2018 was highly appreciated.



Group level CSR activities  
are managed by Magma  
Foundation



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