

Magma Fincorp Limited  
Regd. Office  
Development House  
24 Park Street, Kolkata 700 016  
Tel : 91 7596067686  
91 33 44017350  
Fax : 91 33 44017428  
CIN : L51504WB1978PLC031813  
Web : www.magma.co.in



8 November 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 quarter and half year ended 30 September 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**

**Encl:as above**

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



**Magma Fincorp Limited**  
**Investor Presentation – Q2 FY20**

**1** **Company Overview**

**2** Financial Performance – Q2 FY20

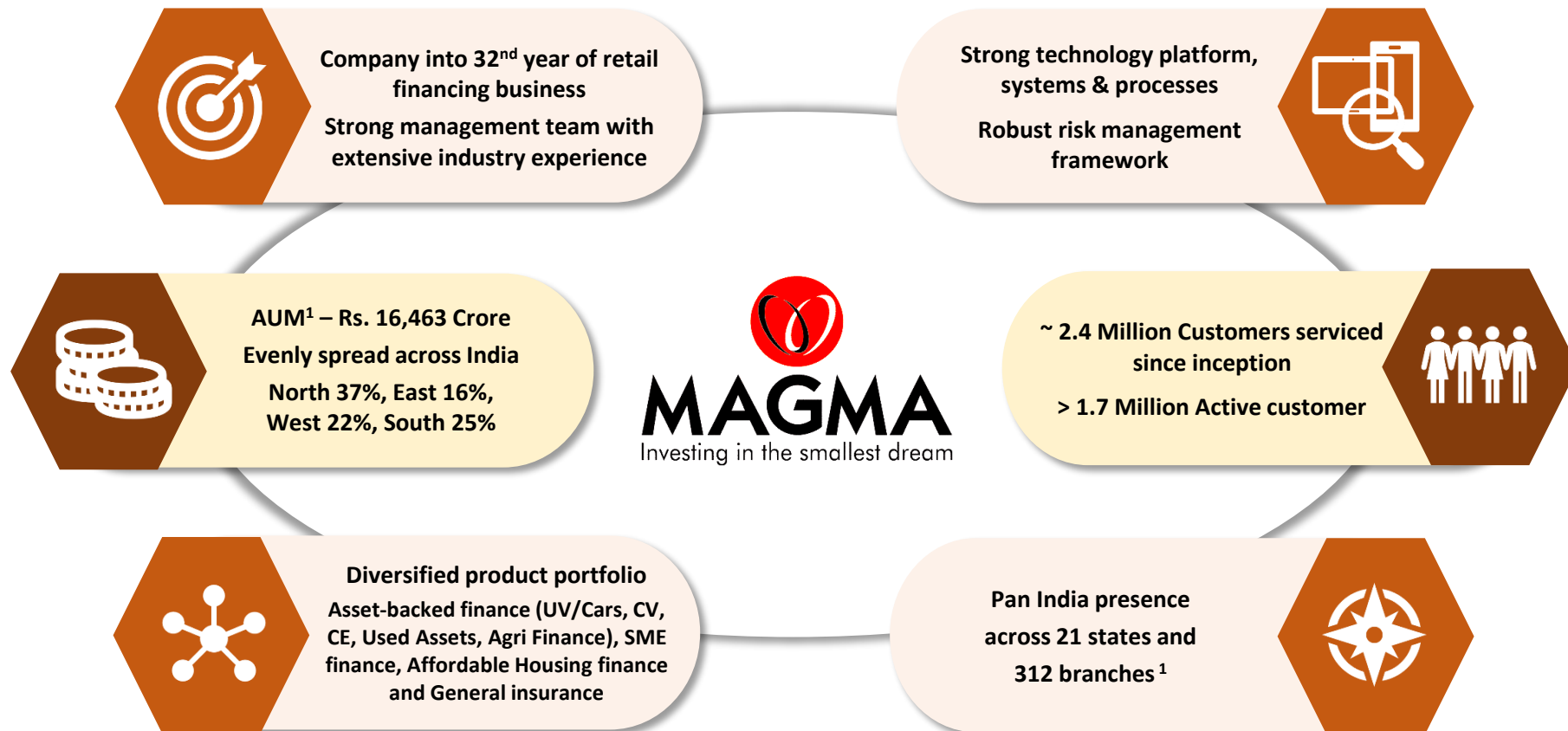
**3** Business Strategy

**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

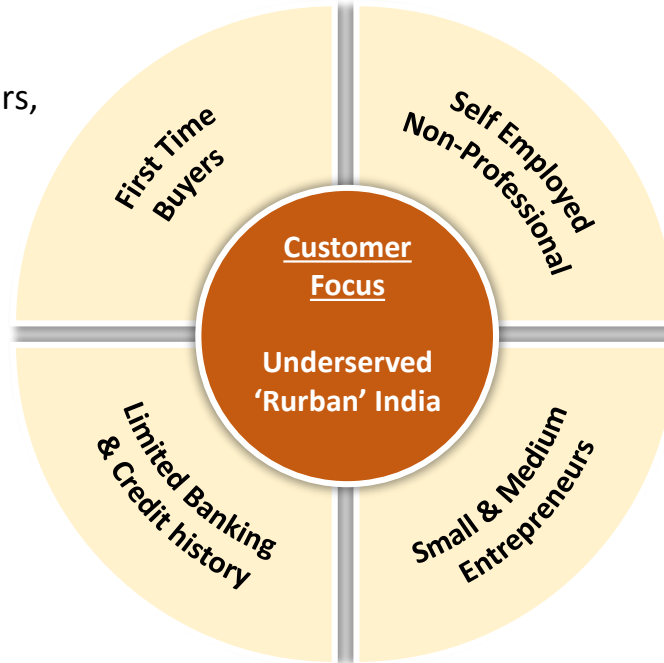
1 – AS on 30<sup>th</sup> September, 2019

# 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		●	●	●	17-20	N/A	30-35
	AHF: Affordable Housing Finance	●	●	●	●	9-12	50-60%	150-180
	General Insurance	●	●	●	●			

Numbers indicative of disbursements done during Q2 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. 10,923 crs



Total AUM<sup>1</sup>:

Rs. 16,463 crs

### SME Finance

AUM<sup>1</sup>: Rs. 2,000 crs



### Affordable Housing Finance (AHF)\*

AUM<sup>1</sup>: Rs. 3,540 crs

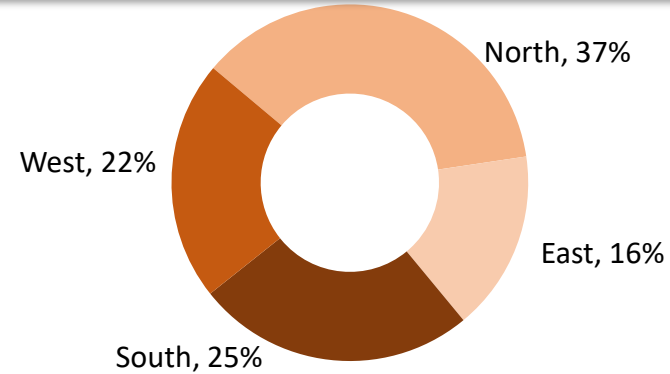


### General Insurance

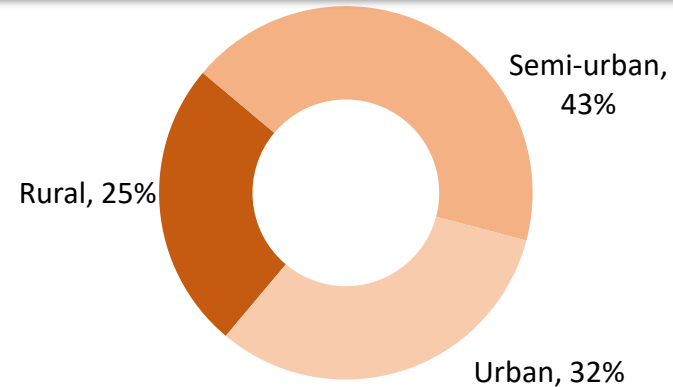
GWP<sup>2</sup>: Rs. 300 crs



## Zone-wise Breakup



## Rural-Urban Breakup



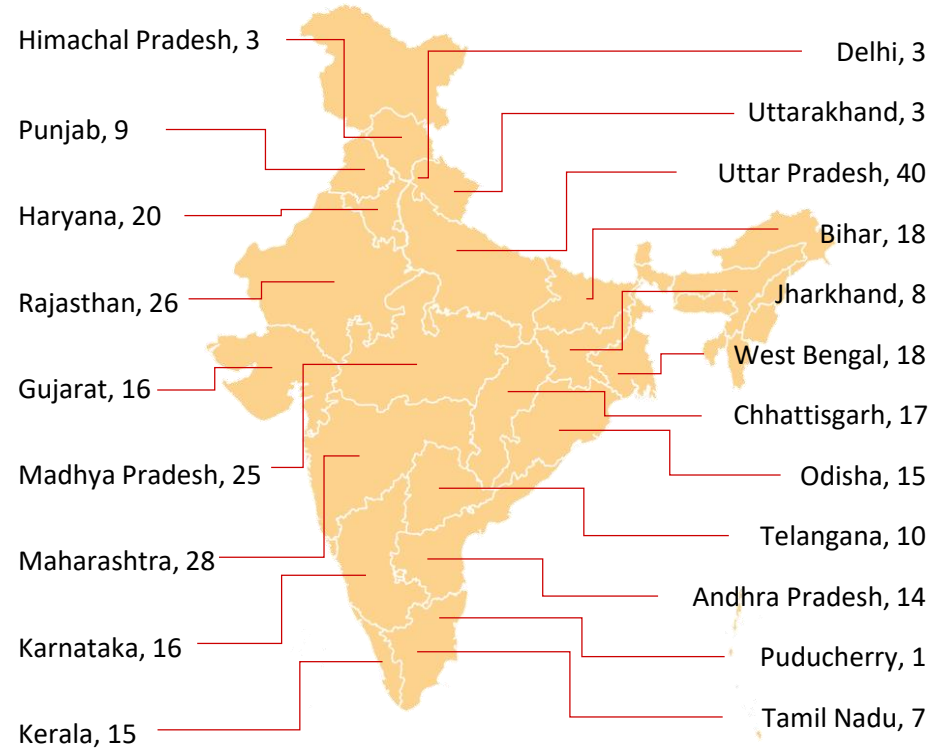
1 - As of 30<sup>th</sup>September 2019; 2 - Q2 FY20

\* Split between MFL (Rs. 643 crs) and MHF (Rs. 2,897 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

## 312 Branches as on 30<sup>th</sup> September, 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 – Q2 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.*

- Continued liquidity crisis in financial sector since Sep-18 has resulted in broader economic slowdown impacting all sectors of economy
- RBI cut rates by 135 bps but rate transmission was muted due to risk aversion towards NBFC's
- Liquidity gradually opening up due to government intervention
- GDP growth of 5% in Q1 FY20 vs 6.8% in FY19
- Falling Auto sales coupled with floods in multiple states, and reduced load for trucks impacted both fresh demand and portfolio performance
- Affordable Housing continued to grow, although unsold inventory caused issues in larger cities, particularly in luxury and middle income segments
- SME Credit has de-grown due to economic slowdown in H1 FY20

### **Maintain adequate liquidity and ensure ALM matching:**

- Rs. 2,136 crs of long term funds raised in Q2 FY20; Retired all short term loans at the end of the second quarter
- Substantially strengthened ALM position, with very comfortable liquidity in each time bucket at end of the quarter
- 70% of new originations eligible for priority sector provide opportunity for Securitization, Assignment and On-lending

### **Regain interest spread lost due to increase in Cost of Funds**

- NIS on incremental disbursal improved to 5.9% in Q2 (5.5% in Q1); Expect it to further increase by ~60 bps to 6.5% in Q4 FY20
- Prudent change in Disbursement Mix towards better yielding products and risk-based pricing to protect NIMs

### **Product realignment with risk mitigation**

- Share of Affordable Housing in AUM grows to 22% from 17% YoY
- Share of Used Assets in AUM grows to 21% from 17% YoY
- Focus on growing Affordable Housing & Used Assets consistently

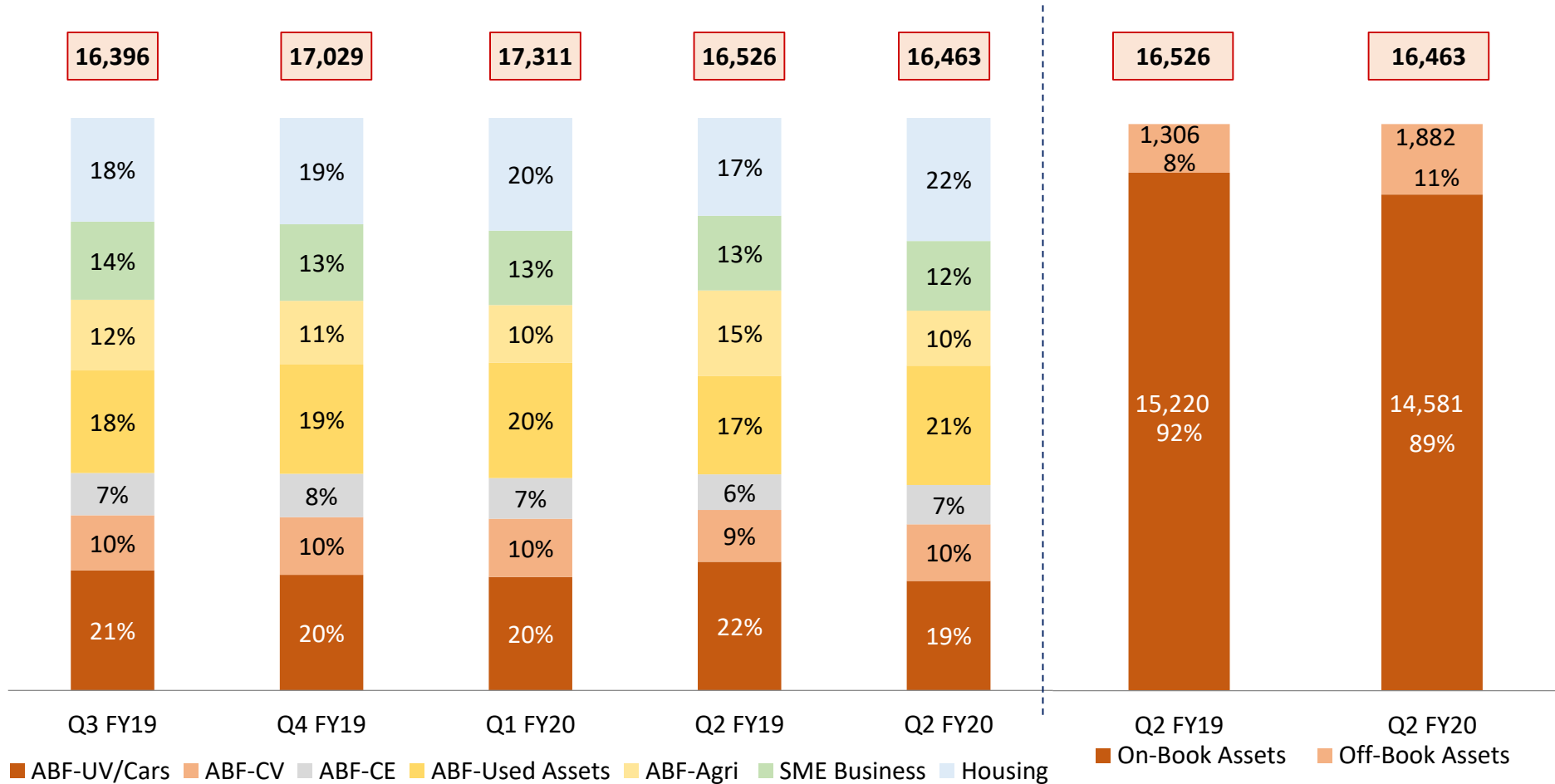
### **Maintain Asset Quality:**

- GNPA increase restricted to specific products/geographies despite external headwinds; Significant roll backs expected over time
- Collection efficiency improved to 97.5% in Q2 FY20 (96.1% in Q1 FY20) albeit lower than 100.6% in Q2 FY19

## Key Highlights Q2 FY20

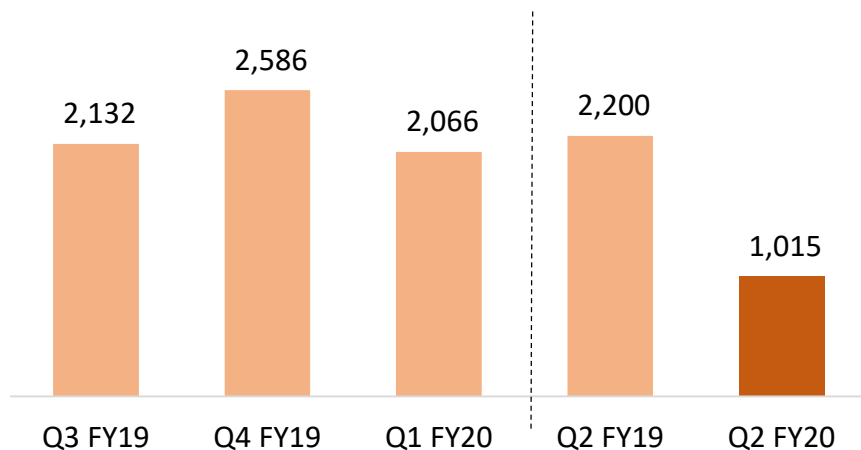
Parameter	Q2 FY19	Q2 FY20	YoY	Observations
AUM	Rs. 16,526 crs	Rs. 16,463 crs	-0.4%	Lower disbursement in Q2FY20 to manage liquidity. Disbursement to bounce back in Q3. Exit AUM FY20 to be at similar level YoY.
Gross NPA	8.7%	6.4%	2.3%	NPA ratios below last year level in spite of customers' struggle with low utilisation of assets due to economic slowdown.
Net NPA	4.3%	4.2%	0.1%	
Disbursement IRR	15.3%	16.3%	1.0%	Improvement in IRR as focus in ABF moved to Used Assets disbursement, even though share of Mortgage business jumped substantially
NIM	9.0%	7.9%	-1.1%	NIM compression entirely due to increase in Cost of Funds. Incremental borrowings expected at 50-75 bps lower rates. Overall CoF expected to rise marginally in Q3FY20, flatten in Q4FY20 and decline from Q1FY21 onwards.
NCL	2.2%	2.9%	-0.7%	Higher than estimated NCL largely due to temporary impact on CV customer cash flows and restricted mobility due to floods in Sep.
Opex Ratio	4.2%	4.1%	0.1%	Reduction in absolute Opex achieved through conscious and prudent cost management.

# Assets Under Management (AUM)



Values in Rs crore

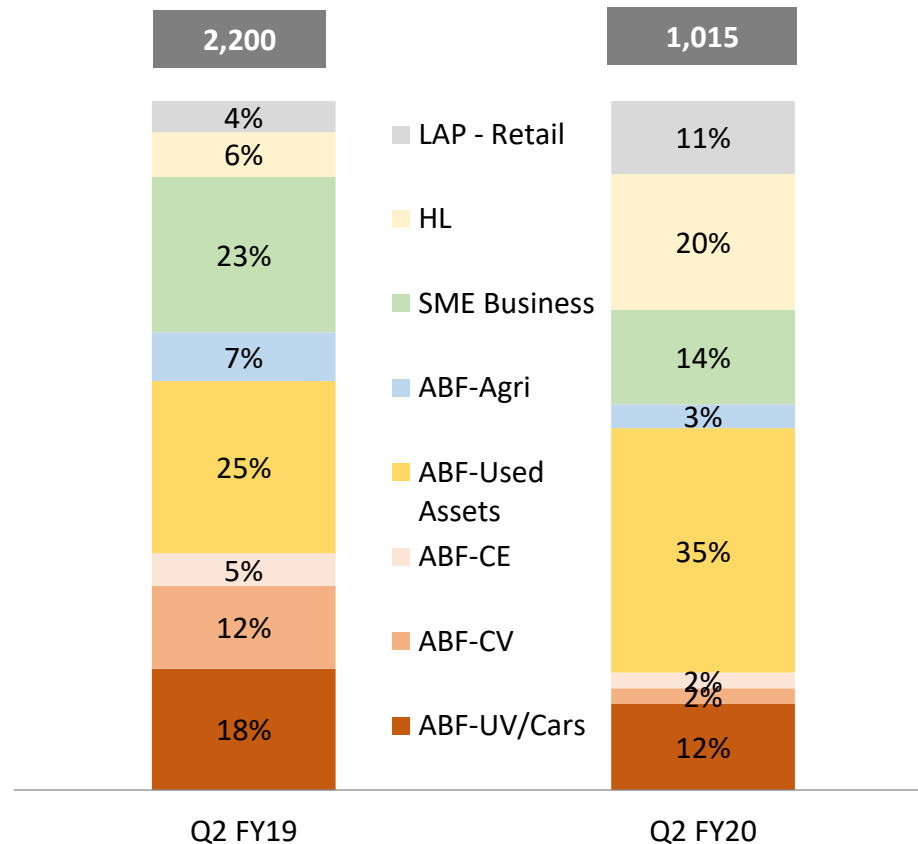
## QoQ growth in Disbursement



- Increase in contribution of core products, i.e., Used assets, SME and Mortgage from 58% to 80%
- Deliberate slowdown in Disbursals in Q2, to transition to 100% Long Term liabilities, comfortable ALM matching and adequate liquidity as on 30.09. 2019

Values in Rs crore

## YoY Change in Disbursement Mix



Particulars	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY19	Q2 FY20
Gross Stage 1 and Stage 2 Assets	13,913	14,898	15282	13,895	13,653
ECL Provision – Stage 1 and 2	333	293	300	348	286
<b>Stage 1 and Stage 2 Coverage Ratio (%)</b>	<b>2.4%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>2.1%</b>
Gross Stage 3 Assets	910	747	814	1,326	928
Net Stage 3 Assets	586	472	523	631	599
<b>Gross Stage 3 Assets (%) (~ GNPA)</b>	<b>6.1%</b>	<b>4.8%</b>	<b>5.1%</b>	<b>8.7%</b>	<b>6.4%</b>
<b>Net Stage 3 Assets (%) (~NNPA)</b>	<b>4.0%</b>	<b>3.1%</b>	<b>3.3%</b>	<b>4.3%</b>	<b>4.2%</b>
<b>Stage 3 Coverage Ratio (%)</b>	<b>35.6%</b>	<b>36.8%</b>	<b>35.8%</b>	<b>52.4%</b>	<b>35.4%</b>

- NPA ratios better than Q2 FY19.
- Inflated increase in NPA ratios over Q1 due to reduced denominator (AUM) on account of lower disbursal in Q2 coupled with Direct Assignment in end September 2019.
- 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.



## Credit Losses – Marginally lower than Q1; further recovery expected in Q3-Q4

**Collection efficiency impacted by seasonality, floods and weak macros**

### YoY

- ~70% increase in Stage 3 Assets contributed by CV and CE, which contribute ~25% of total AUM
- ~60% increase in Stage 3 Assets contributed by UP, WB, AP and Bihar states, which comprise ~30% of total AUM
- Lower roll forwards into 90+ but significantly lesser roll backs

### QoQ

- Limited improvement in provisioning due to higher roll forwards into 90+ in September
- Proactive settlement & repo strategy to protect assets led to higher losses

***Q3 & Q4 expected to be significantly superior in line with historical trends.***

***Expect higher clawback upon improvement in economic scenario.***

Table A

Rs. Crs

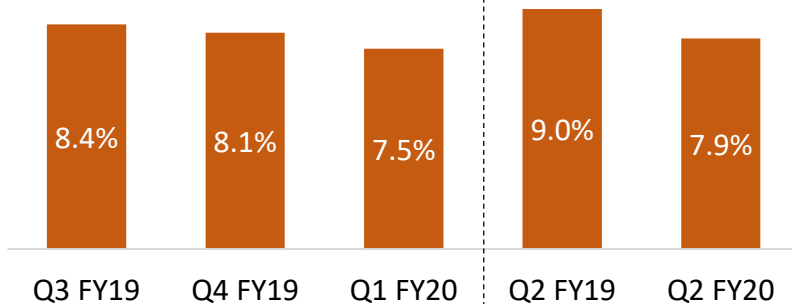
Particulars	Q1 FY20	Q2 FY19	Q2 FY20
Net ECL Provision*	85.9	30.4	72.0
Loss on Settlement/ Repo	42.8	56.9	50.5
<b>NCL</b>	<b>128.7</b>	<b>87.2</b>	<b>122.5</b>
<b>Collection Efficiency</b>	<b>96.1%</b>	<b>100.6%</b>	<b>97.5%</b>
<i>*Includes movement to 100% provision bucket</i>	60.9	44.8	47.6

Table B

Rs. Crs

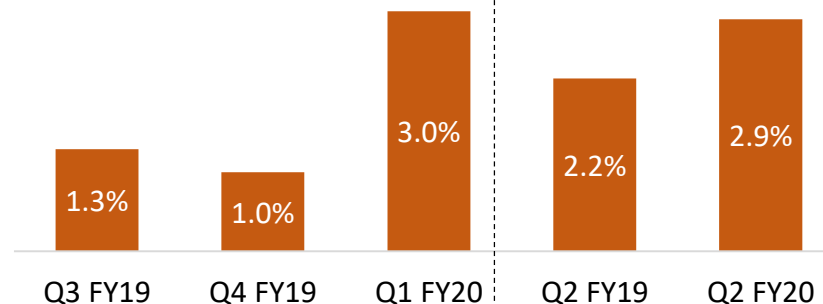
Particulars	Q1 FY20	Q2 FY19	Q2 FY20
Gross Stage 3 Assets	814	1,326	928
Provisions held	291	695	328
Net Stage 3 Assets	523	631	599
<b>GNPA%</b>	<b>5.1%</b>	<b>8.7%</b>	<b>6.4%</b>
<b>NNPA%</b>	<b>3.3%</b>	<b>4.3%</b>	<b>4.2%</b>
PCR%	35.8%	52.4%	35.4%
Stage 1 & 2 Coverage Ratio	2.0%	2.5%	2.1%
On Book AUM	16,097	15,220	14,581

## NIM Analysis (% of AUM)



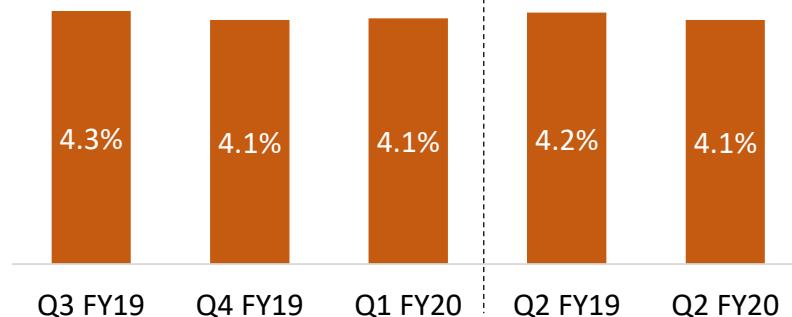
*NIM: (Total Income (incl. Other Income) – Interest Expenses) / Average AUM*

## NCL (% of AUM)



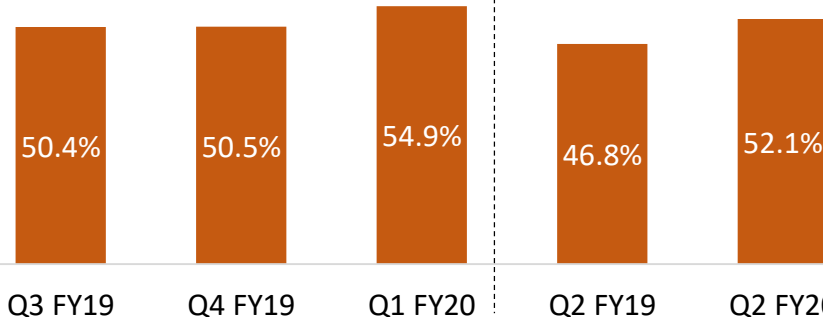
*NCL: Net Credit Loss / Average AUM*

## Opex Ratio



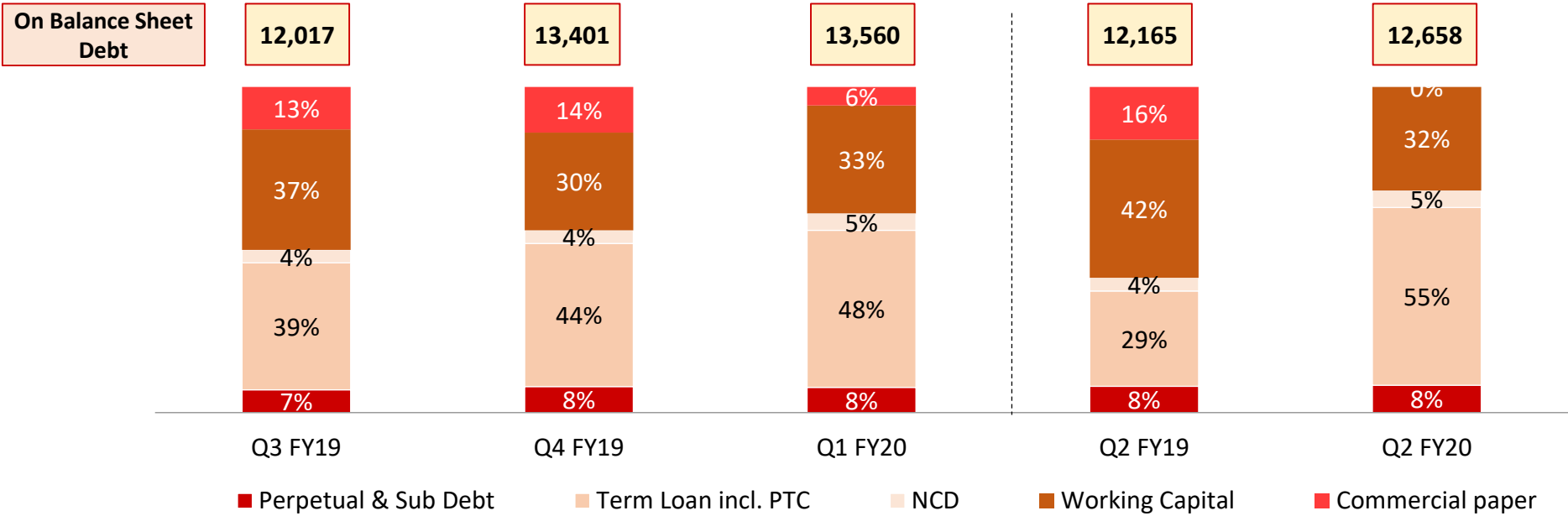
*Opex: Total operating cost / Average AUM*

## Cost / Net Income (%)



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

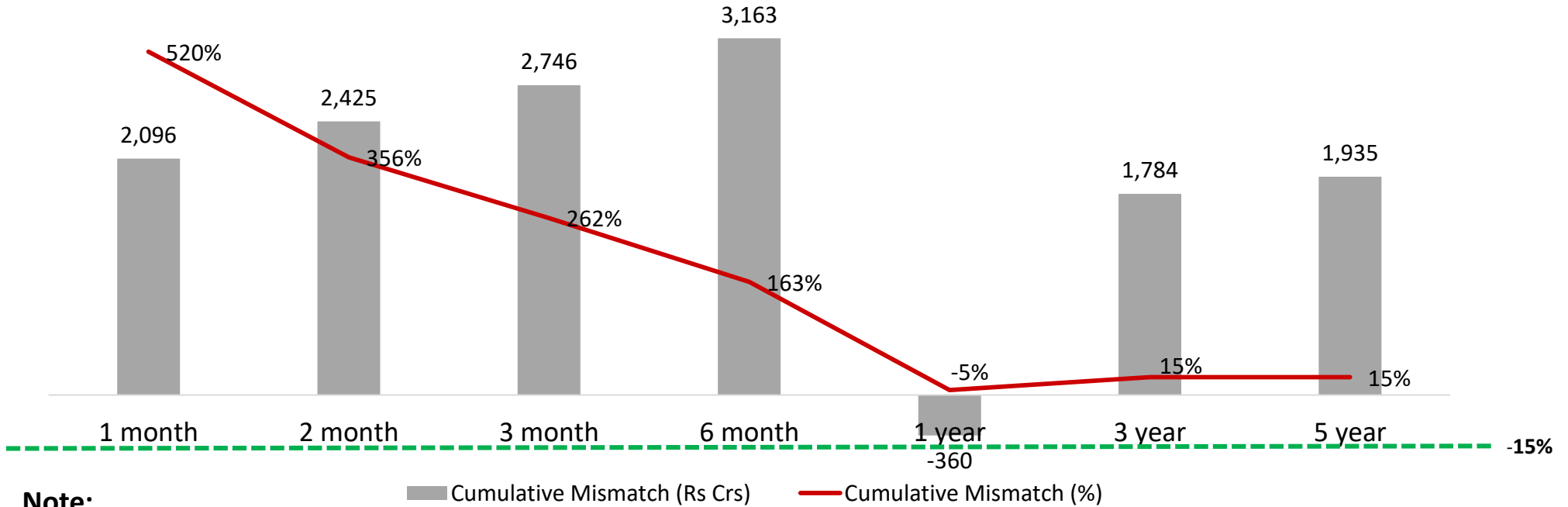
# Liability Profile – Stable credit rating and Stable sources of funds



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

- Entire borrowings from Long Term Sources of funds (Working Capital facilities are long term in nature though shown as repayable in 6m-12m bucket).
- Source of liabilities - Banks 76%, Debt capital market 24%.

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



**Note:**

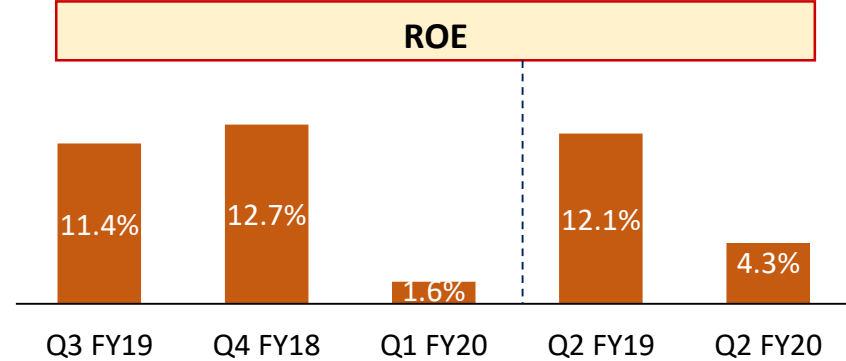
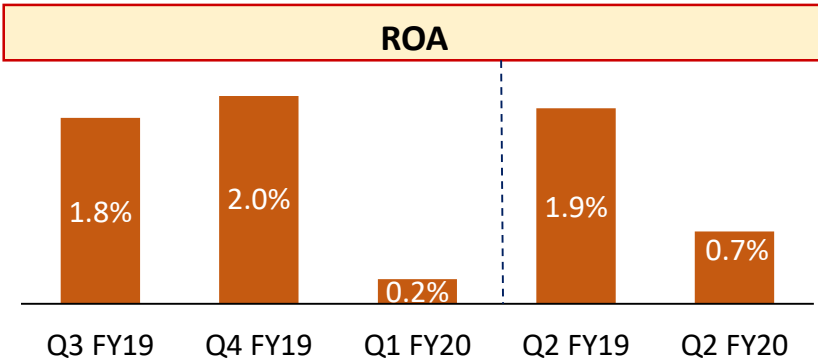
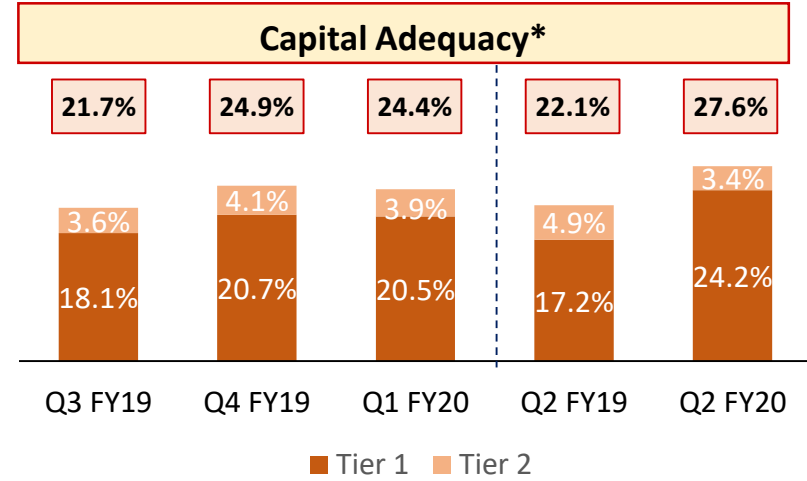
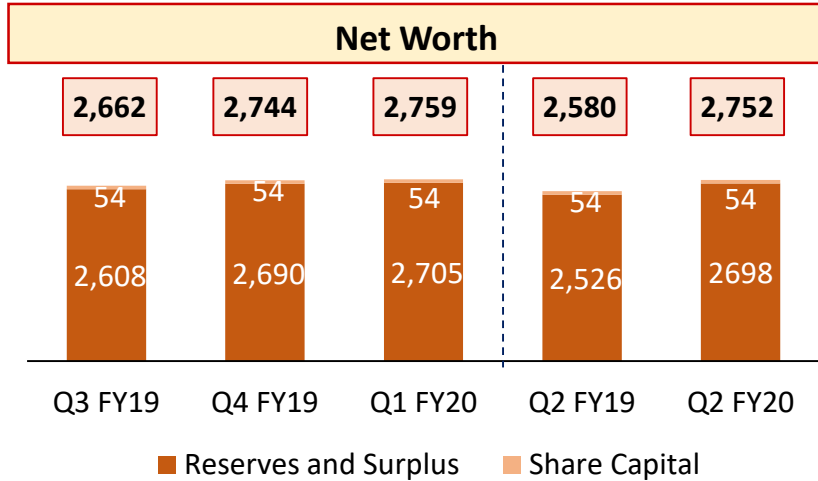
- Working capital limits are considered as repayable in 6 - 12 months time bucket against earlier treatment of considering matched to maturity of underlying assets.
- Behaviorally, Working Capital limits are renewed by banks every year and are thus revolving in nature. **In the scenario, working capital limits is matched to maturity, the mismatch in 6 – 12 months time bucket turns into surplus of 27%.**
- The Company shall strive to raise additional long term funds of around Rs. 360 Cr to ensure the mismatch in 1 year time buckets turns to surplus.

## ALM Policy & Liquidity Management

- 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 liquidity buffer 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.
- **Liquidity Risk Management (LRM) Framework–**
  - Adequate HQLA to cover well over 100% requirement as on 30-Sep-19
  - Surplus in each of the new granular buckets i.e. 1-7 days, 8-14 days, 15-30/31 days

## Diversified Sources of Funds

- Strong and Long standing relationship with more than 25 Banks developed over three decades
- 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 246 securitization deals (both PTC & DA) for underlying Loan Principal of over Rs.44,250 crs over the past 13 years. Total securitization in Q2 FY20 is Rs. 1886 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	Q2 FY20	Q1 FY20	Q2 FY19	FY19
Net Revenue	335	323	365	1,391
Expenses	175	177	171	684
<b>Operating Profit</b>	<b>160</b>	<b>146</b>	<b>194</b>	<b>707</b>
Net Credit Loss	123	129	87	265
<b>Profit Before Tax</b>	<b>38</b>	<b>17</b>	<b>107</b>	<b>442</b>
Tax	11	5	27	138
<b>Profit After Tax</b>	<b>26</b>	<b>12</b>	<b>80</b>	<b>303</b>
Share of profit in Joint Ventures / Associates	3	-1	-3	1
<b>Consolidated Profit After Tax</b>	<b>30</b>	<b>11</b>	<b>77</b>	<b>304</b>
RoA	0.7%	0.3%	1.9%	1.9%
RoE	4.3%	1.6%	12.1%	13.0%

Values in Rs crore

# Consolidated Balance Sheet

Particulars	30-Sep-19	30-Sep-18	31-Mar-19
Cash and Cash Equivalents	1005	524	957
Loans and Advances	13898	14,083	15,018
Other Assets	748	650	612
Fixed Assets	207	200	203
<b>Total Assets</b>	<b>15,857</b>	<b>15,457</b>	<b>16,789</b>
Borrowings	12658	12,290	13,401
Other Liabilities	447	587	644
Share Capital	54	54	54
Reserves & Surplus	2698	2,526	2,690
<b>Total Liabilities</b>	<b>15,857</b>	<b>15,457</b>	<b>16,789</b>

Values in Rs crore



1 Company Overview

2 Financial Performance – Q2 FY20

3 **Business Strategy – Asset Backed Finance (ABF)**

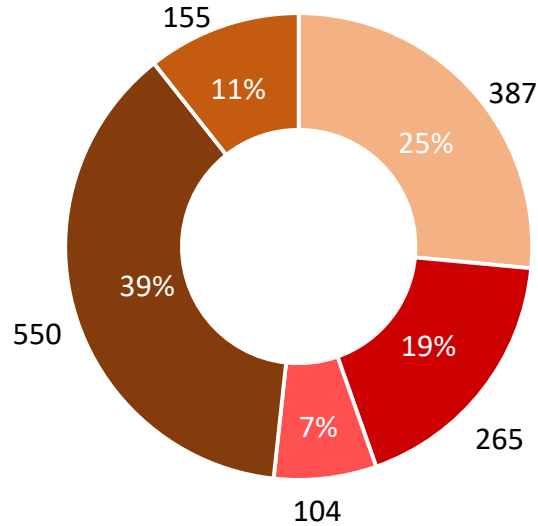
4 Business enablers to drive sustainable growth

5 Leadership Team & Shareholding Structure

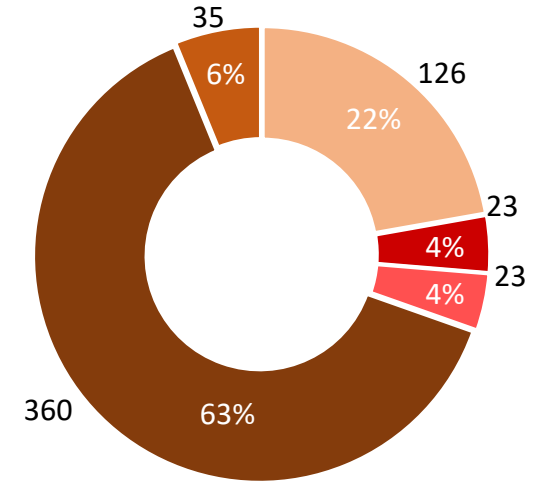
6 Annexures

*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.*

## Q2 FY19 ABF Disbursement



## Q2 FY20 ABF Disbursement



Branch & product  
Grading based on asset  
quality performance

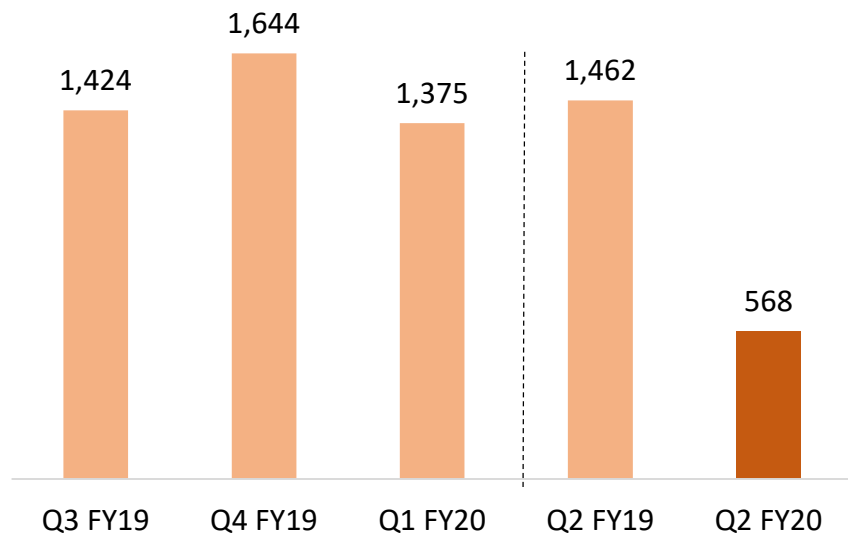
Portfolio re-shaping by  
increasing contribution  
of focus products &  
customer segments

Credit Underwriting  
automated through a  
rule engine

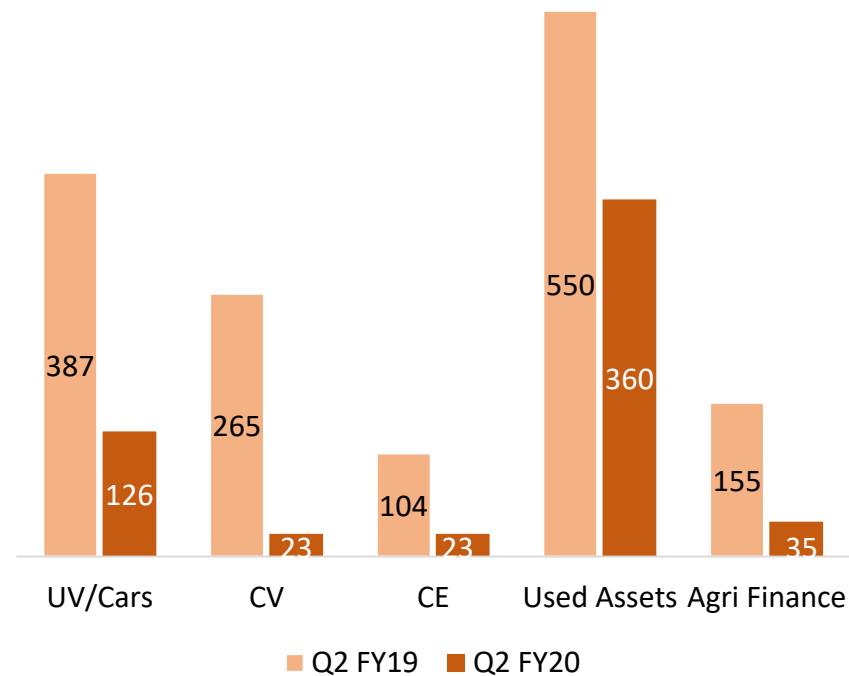
Focus on customer  
retention through  
enhanced pre-approved  
offerings & processes

- Disbursals were curtailed in Q2 FY20 on account of tightened liquidity conditions
- Used Assets disbursement contribution recorded a sharp increase to 63% in Q2 FY20

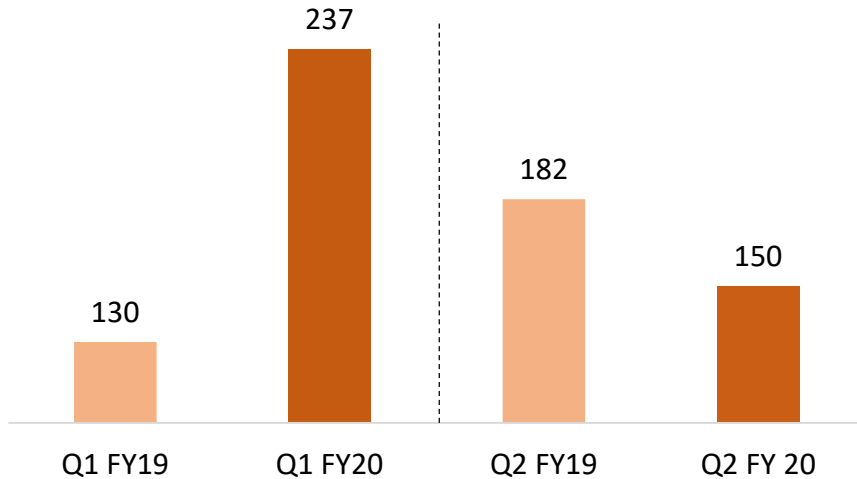
## Disbursement



## Disbursement Mix



## Cross sell Disbursement

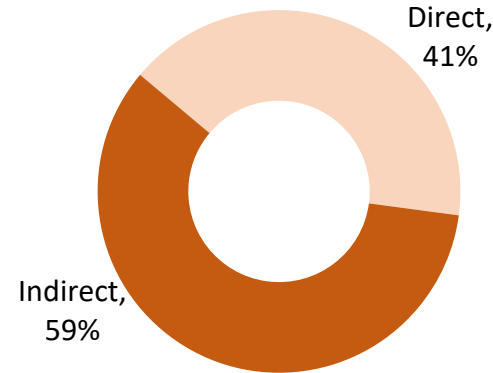


- Cross Sell performance impacted in Q2 as we moved to 100% Long Term Liabilities and desired ALM matching during the quarter.

Values in Rs crore

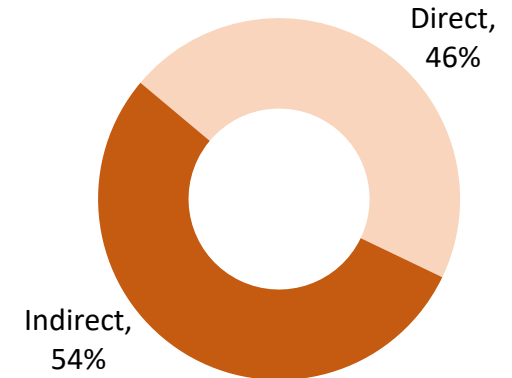
## Direct Business % of total ABF Disbursal

### Q2 FY19 ABF Disbursement



Rs. 1,462 crs

### Q2 FY20 ABF Disbursement

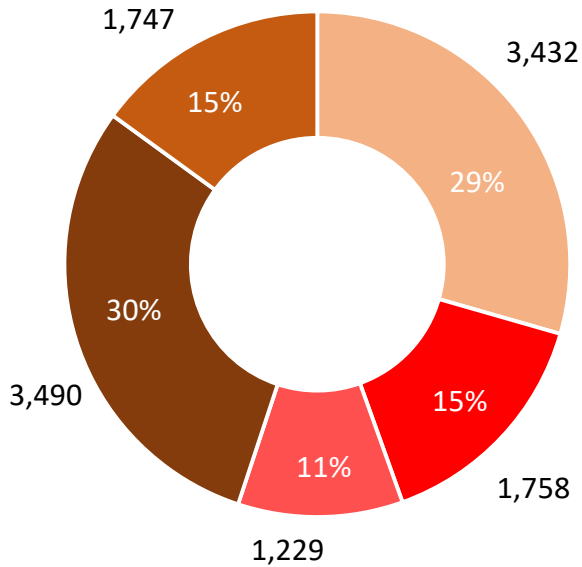


Rs. 568 crs

- Significant growth in direct business from 41% in Q2 FY19 to 46 % in Q2 FY20

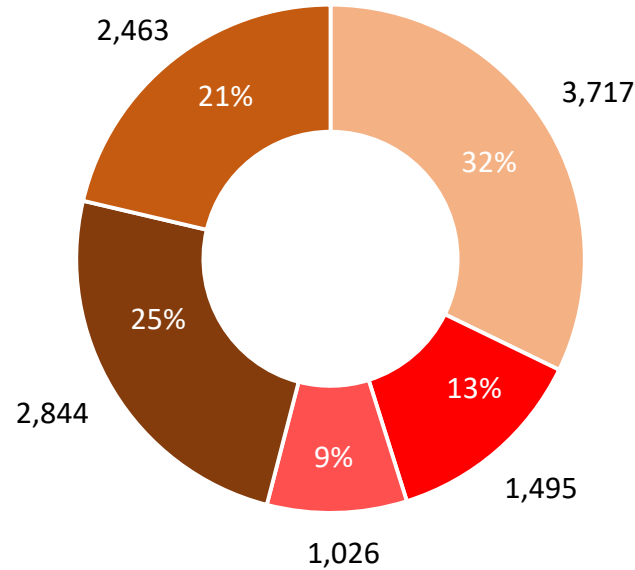
## Product-wise AUM Contribution

June'19



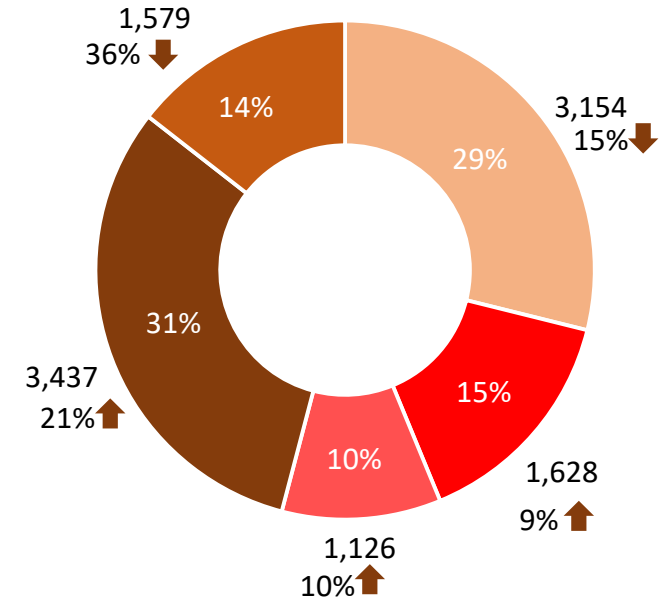
**Rs. 11,655 crs**

Sep'18



**Rs. 11,545 crs**

Sep'19

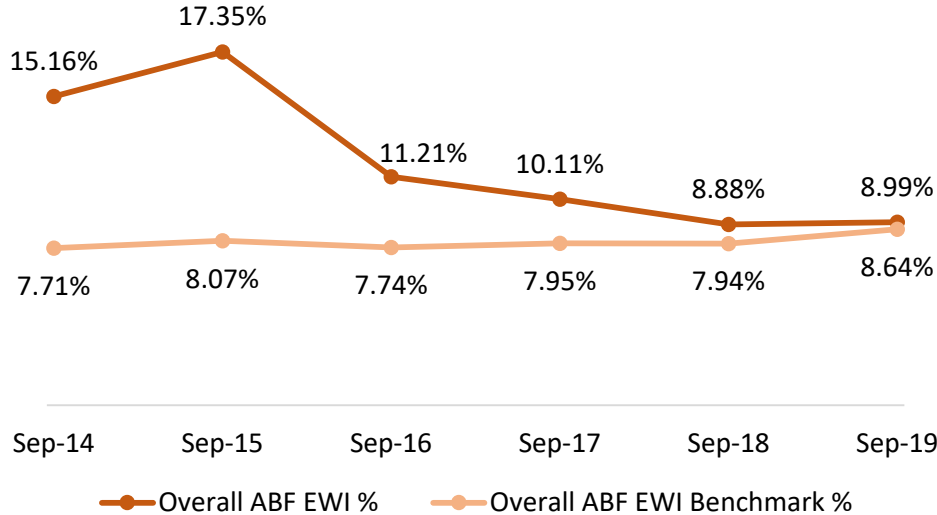


**Rs. 10,923 crs**

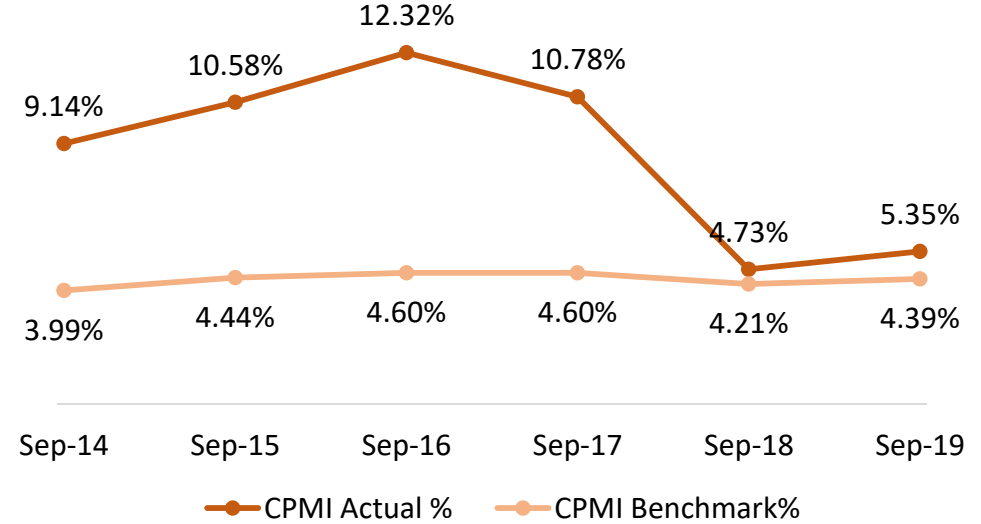
■ UV/Cars ■ CV ■ CE ■ Used Assets ■ Agri Finance

# Portfolio Quality Indicators

### EWI Trend for ABF



### CPMI Trend for ABF



Report Quarter	Sep-14	Sep-15	Sep-16	Sep-17	Sep-18	Sep-19
<b>EWI Actual %</b>	15.2%	17.4%	11.2%	10.1%	8.9%	9.0%
<b>EWI BenchMark%</b>	7.7%	8.1%	7.7%	8.0%	7.9%	8.6%

Report Quarter	Sep-14	Sep-15	Sep-16	Sep-17	Sep-18	Sep-19
<b>CPMI Actual %</b>	9.1%	10.6%	12.3%	10.8%	4.7%	5.4%
<b>CPMI BenchMark%</b>	4.0%	4.4%	4.6%	4.6%	4.2%	4.4%

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

1 Company Overview

2 Financial Performance – Q2 FY20

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

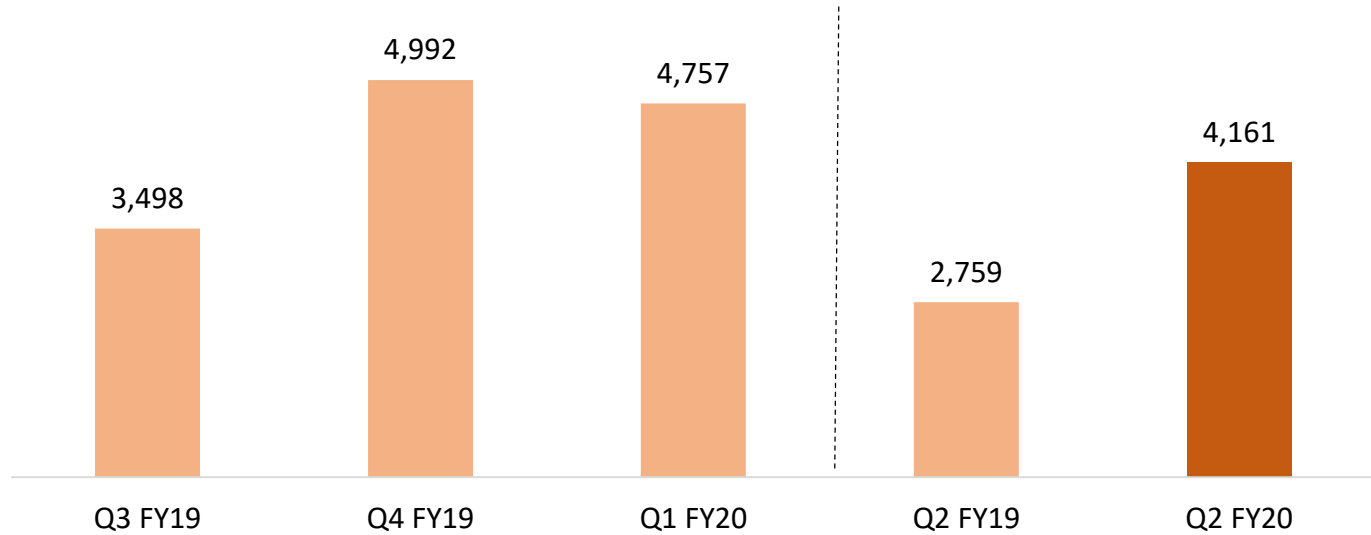
4 Business enablers to drive sustainable growth

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.*

## Total AHF Disbursement (Units)



- Q2 FY20 Disbursements units have increased by 51% Y-o-Y

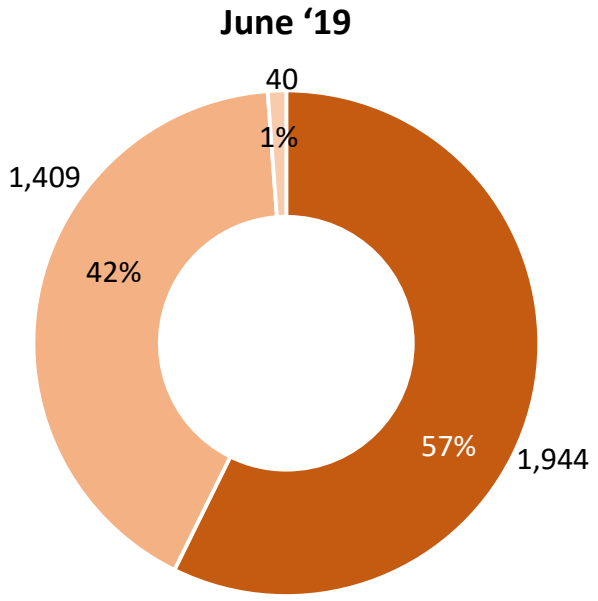
Affordable Housing Franchise gains national prominence

Industry leading relationship based direct origination model

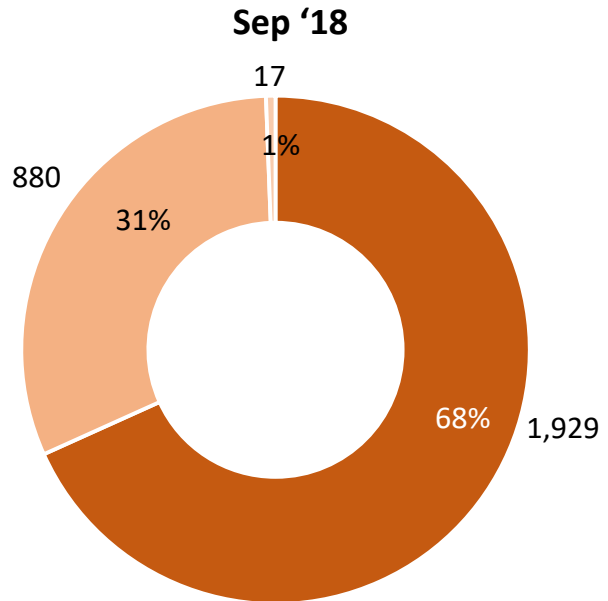
Eminent digital transformation underway



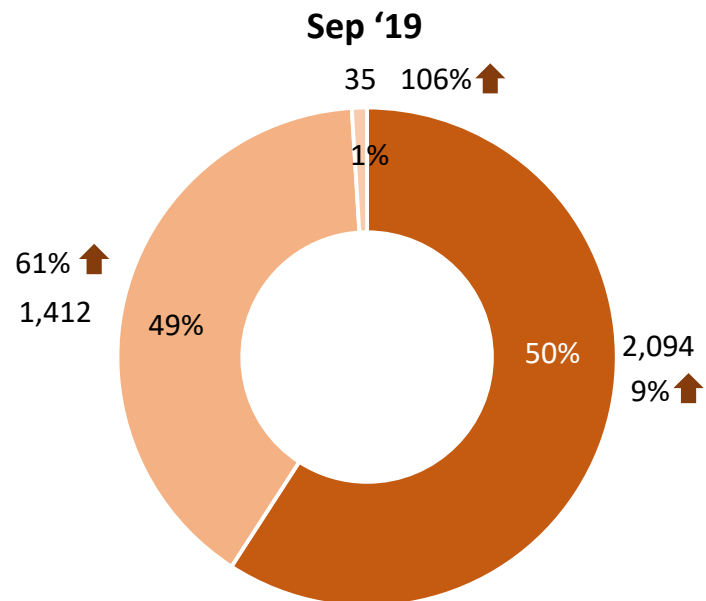
## Product-wise AUM Contribution



**Rs. 3,393 crs**



**Rs. 2,826 crs**



**Rs. 3,540 crs**

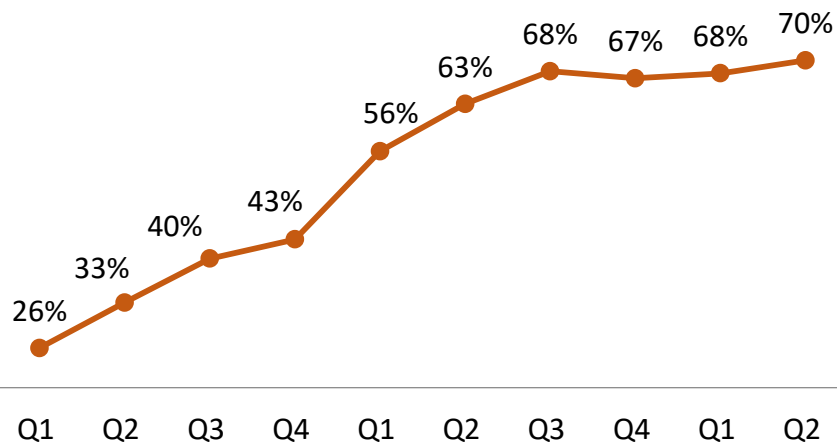
■ LAP ■ HL ■ CF

**AUM Growth of 25% YoY; HL & LAP on even keel in Q2 FY20**

Values in Rs crore

## Go Home Loan

### HL Ratio (Units)



Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

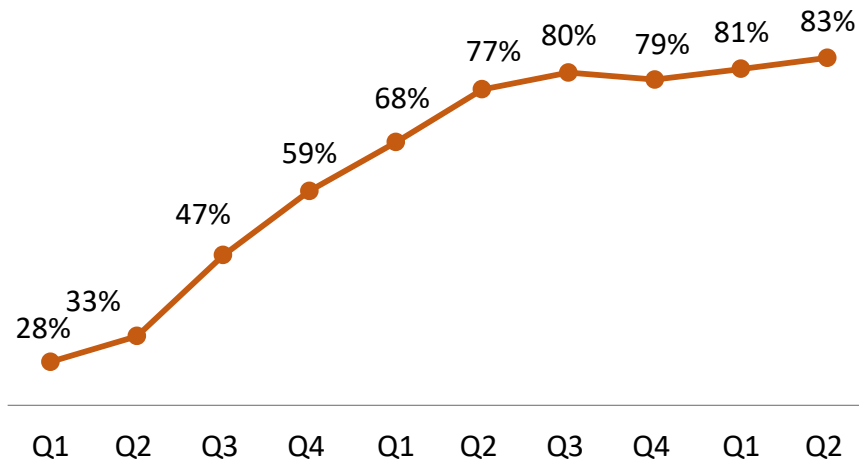
FY18

FY19

FY20

## Go Direct

### Direct Ratio (Units)



Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

FY18

FY19

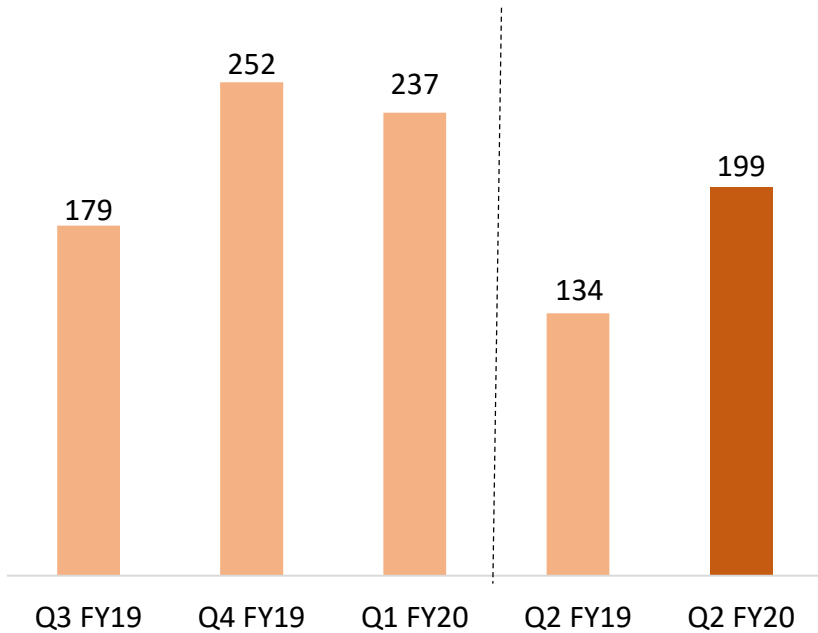
FY20

### Key Takeaways

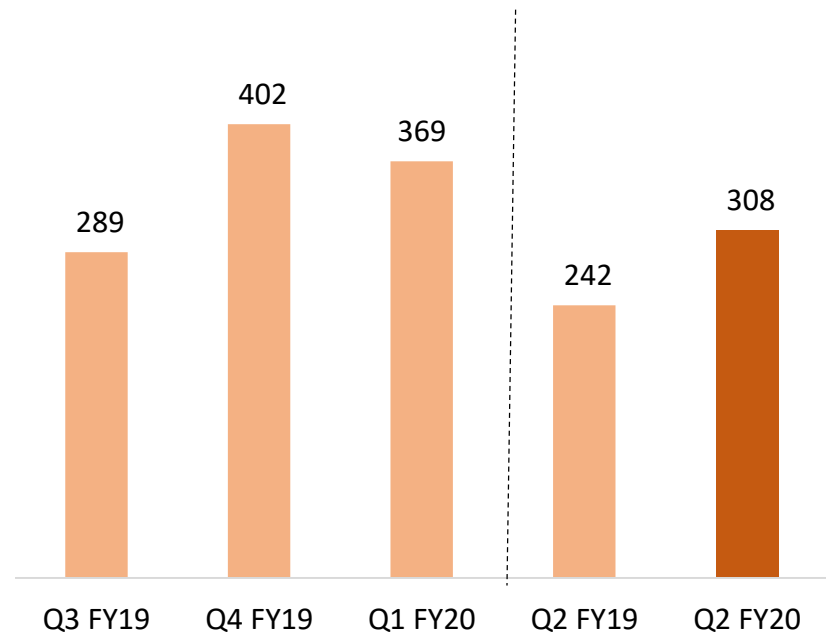
- HL Ratio has improved from 63% in Q2 FY19 to 70% in Q2 FY20
- Direct distribution capabilities being built-up; direct sourcing has improved from 77% in Q2 FY19 to 83% in Q2 FY20
- Focus on Go-to market strategy for further improvement in HL and Direct Sourcing – pre-approved affordable projects, increased 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



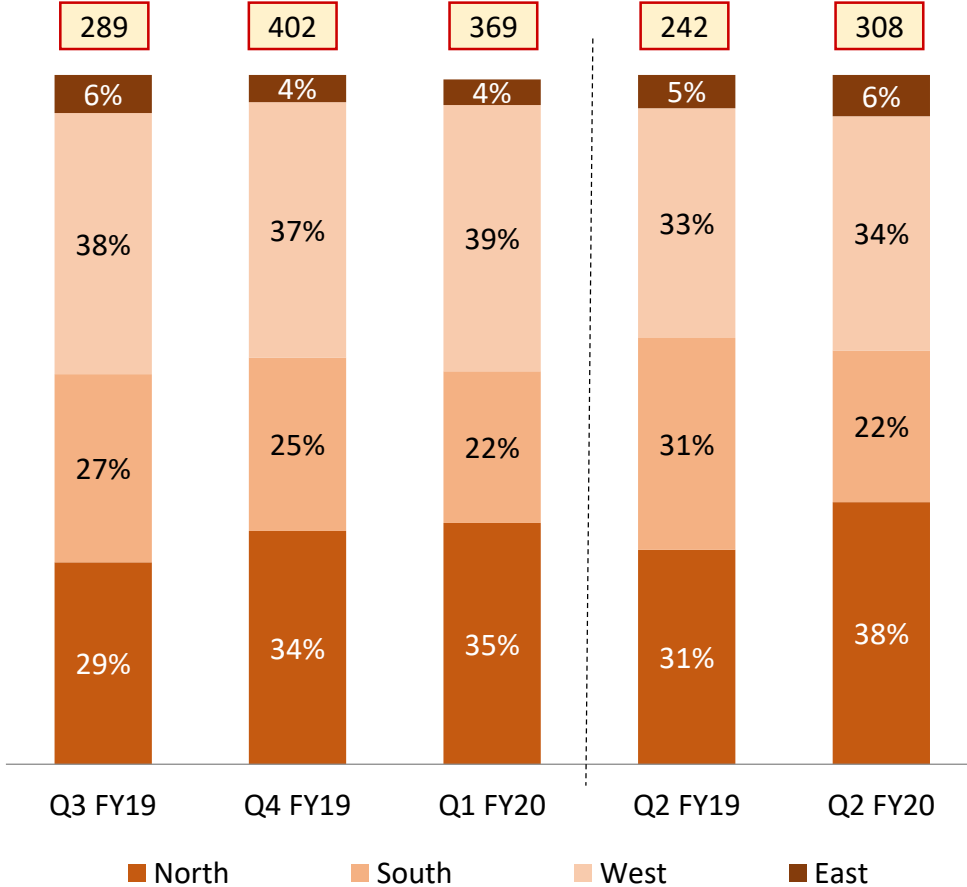
## Total AHF\* Disbursement



- 48% Y-o-Y improvement in HL disbursals in Q2 FY20 and 27% Y-o-Y improvement in overall Affordable Housing Finance disbursals in Q2 FY20

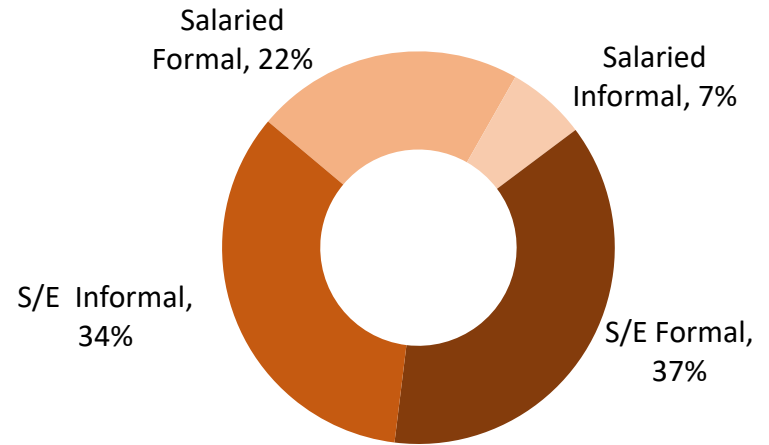
Values in Rs Crore; HL does not include Construction Finance  
\* AHF includes HL, LAP and CF

## Geography

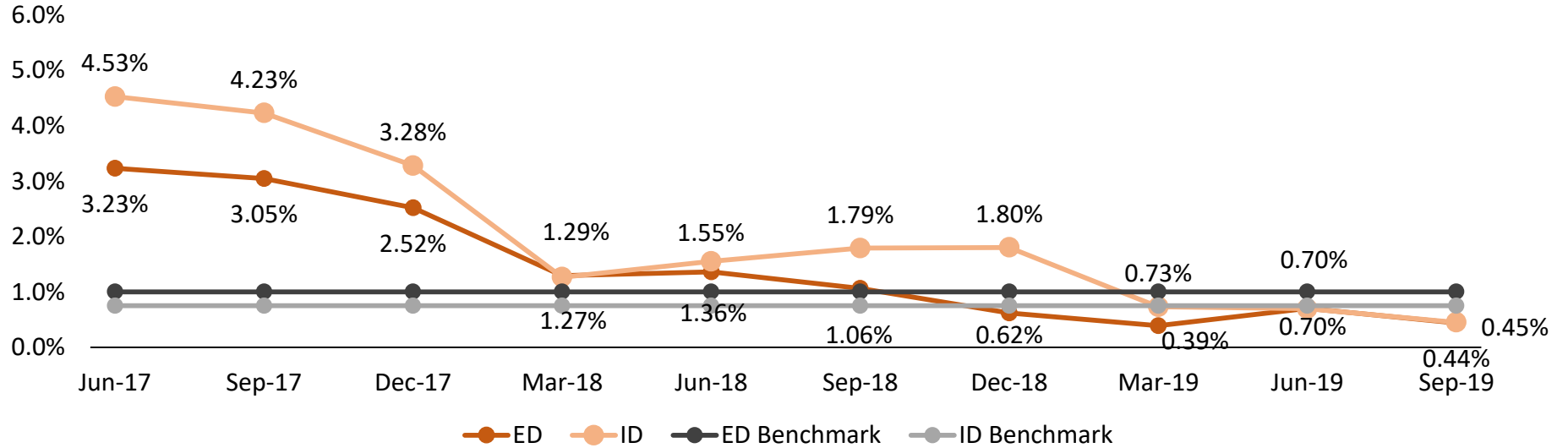


- **Focused deep market penetration** in 105 locations across 19 states using unit model implementation
- Well-balanced national scale portfolio with minimal concentration risks
- Unique affordable finance company having national presence

## Customer Mix (Q2 FY20)



## ID & ED Trend for AHF



## Y-o-Y & Q-o-Q 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.

1 Company Overview

2 Financial Performance – Q2 FY20

3 **Business Strategy – SME Finance**

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.*

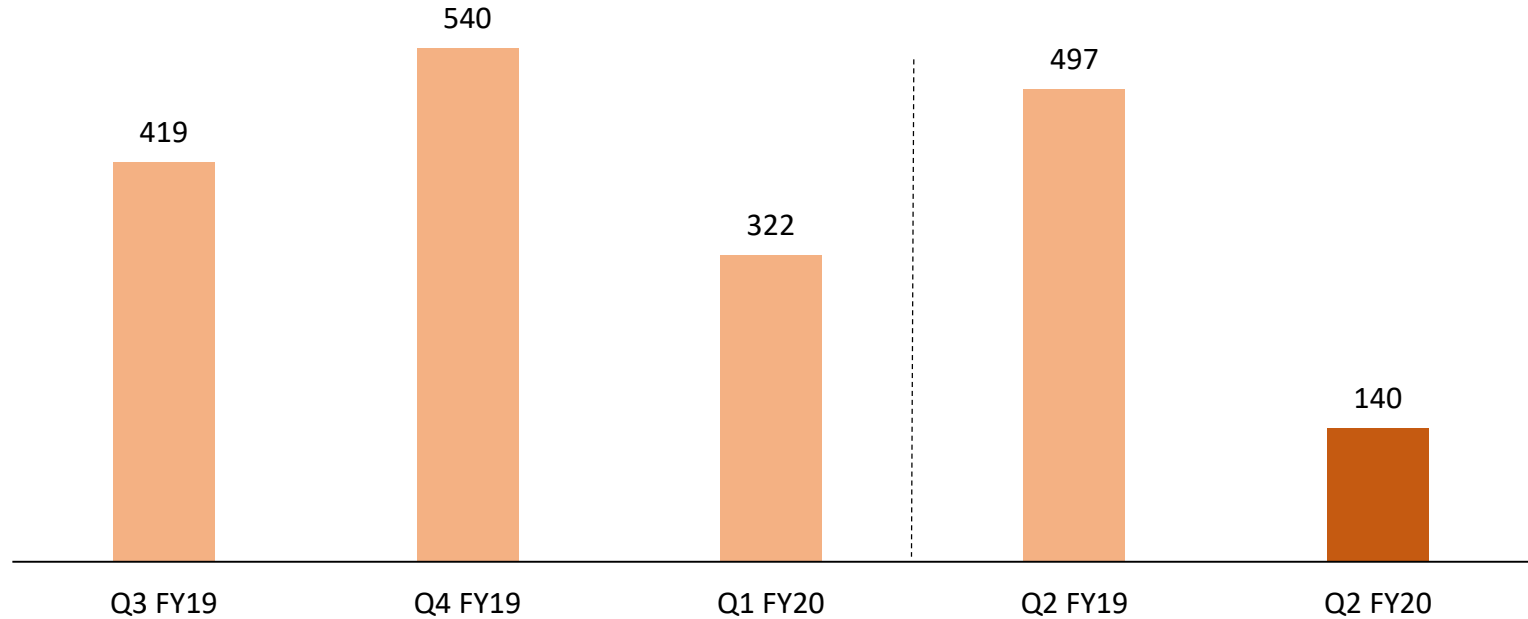
“Mscore” SME Credit Scorecard launched pan India across 80+ branches.

60% of logins following Straight-Through-Processing

SME Product bouquet enhanced with GST Product launch

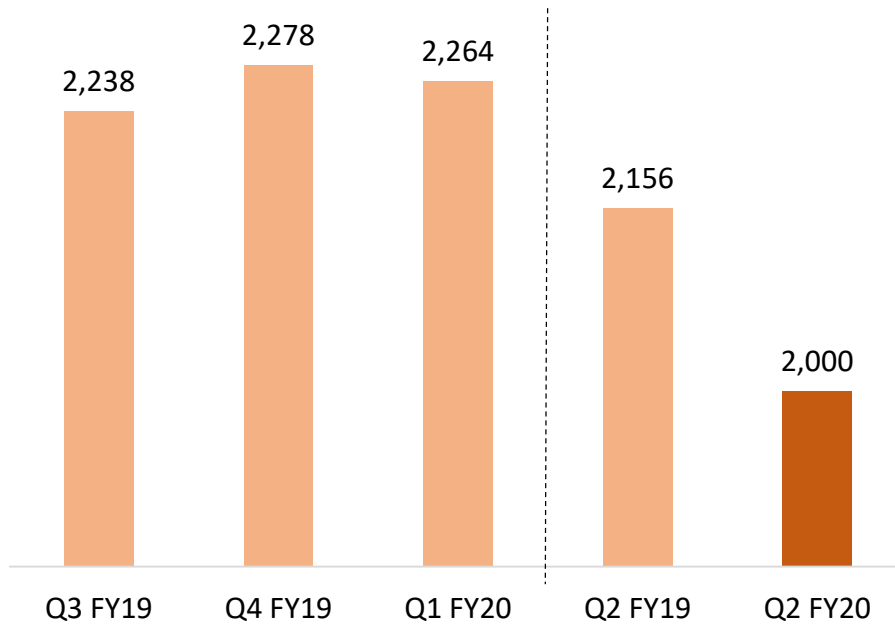
Continued Distribution focus in Upcountry markets. Clockd +18% growth in upcountry cities

## Disbursement



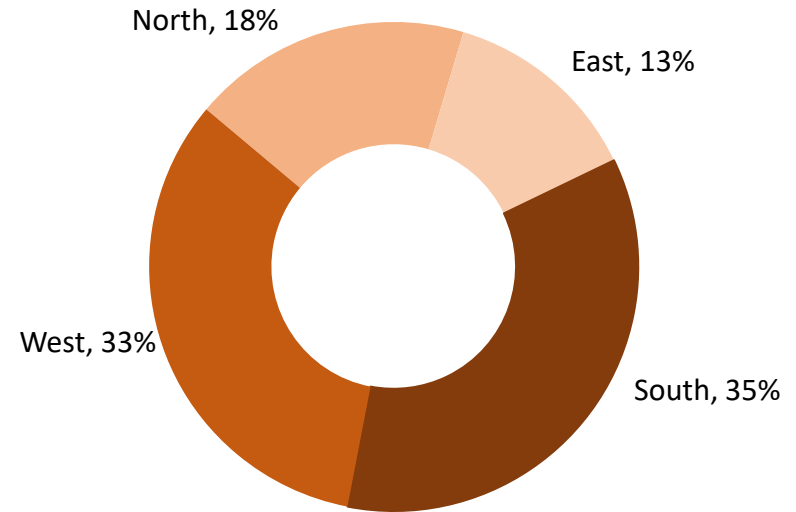
- Disbursals slowed down in Q2FY20 due to transition to 100% Long Term liabilities and achieve desired ALM matching.

## AUM Growth



Conscious AUM de-growth with planned lower disbursal in Q2FY20

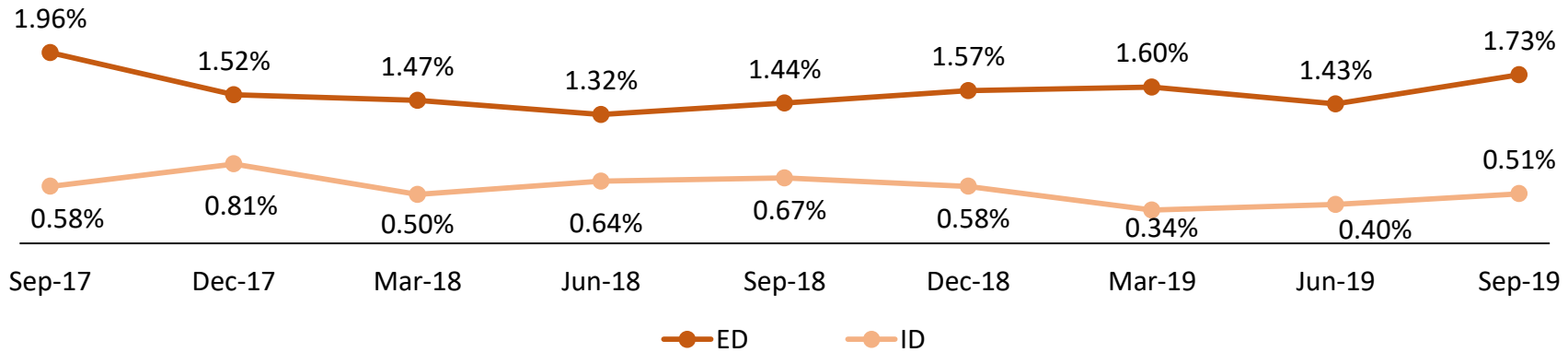
## Geographical Diversification



Geographically well diversified portfolio as on Sep'19



## ID & ED Trend for SME Finance



## EWI & CPMI parameters for SME Finance under development

Note: Both Indicators are currently range bound. However, Sep'19 has seen marginal increase in both ID & ED, in line with the macro economic environment.

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.

1 Company Overview

2 Financial Performance – Q2 FY20

3 **Business Strategy – MHDI**

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.*

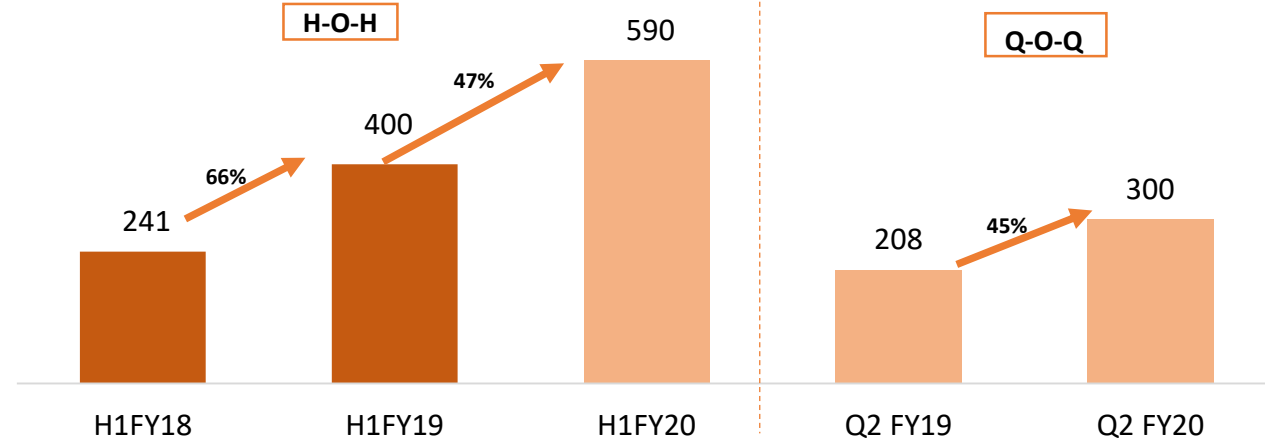
45.2% growth in GDPI for Q2 FY20 vs industry growth of 22.3%

Empanelled in one more OEM program. Continue to pitch to other OEMs

Ramp up in the Banca business with current partners. Entered into new relationships with medium sized NBFCs

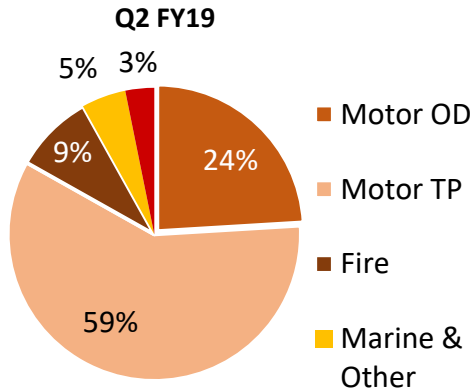
Building blocks being put in place for new initiatives on Health strategy

## Gross Written Premium

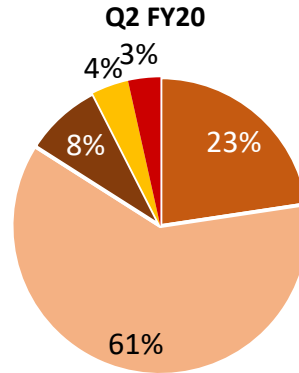


- **Business growth** – 44.7% GWPI growth Q-o-Q
- **OEM** tie-ups contributed 20.2% of GWP for Q2 FY20, 17.9% for H1FY20
- **Banca** tie-ups contributed 3.4% of GWP for Q2 FY20 against 1.8% for Q1FY20
- **Branch expansion** – branch strength of 170 as at Q2 FY20 against 130 as at Q2 FY19
- Innovation & cost rationalisation continues: Real time claims processing, adoption of RPAs

## Portfolio Construct

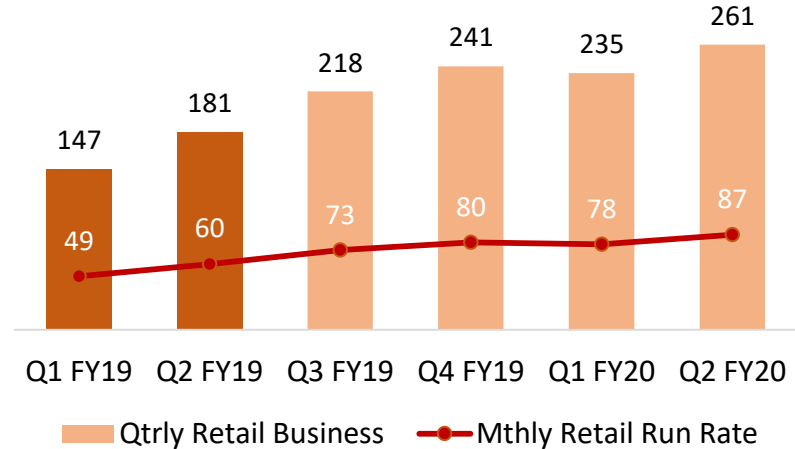


Rs. 208 Cr.



Rs. 300 Cr.

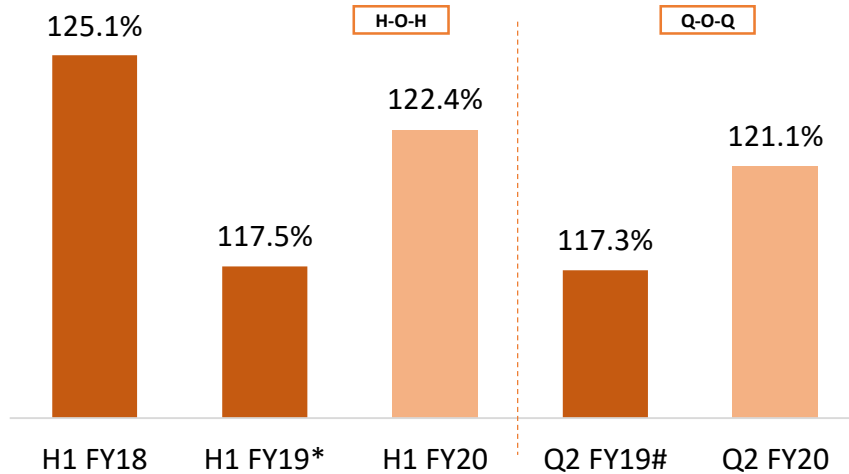
## Retail Run Rate



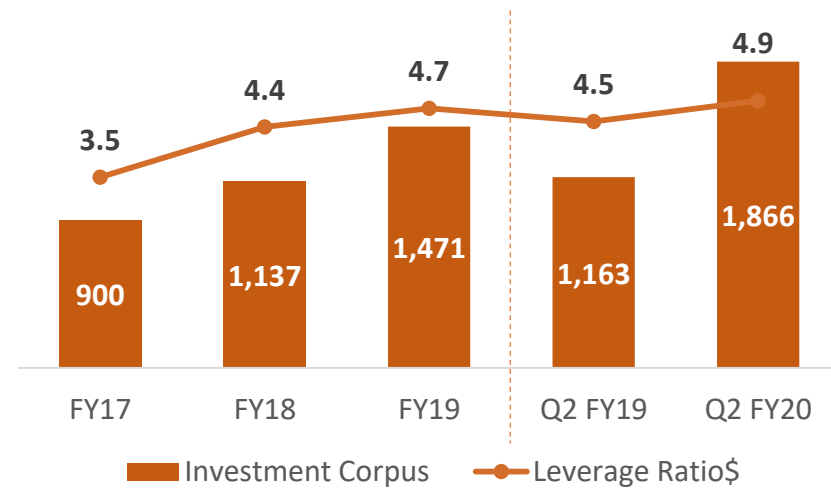
- **Motor Portfolio:** Continue to enjoy one of the lowest Own Damage loss ratio in the industry\*. Within motor, diversified portfolio across vehicle categories with geographical diversification.
- **Health & Accident Portfolio:** Continue efforts to build the health portfolio with new initiatives like branch cross sell to walk-in customers, telesales to existing customer database, attachment on all underlying credit portfolios.
- 44% increase in monthly run rate from Q2 FY19 to Q2 FY20; 84% of the portfolio for H1FY20 is retail, in line with the objective to grow the retail franchise.
- 32% increase in the commercial portfolio from Rs.28.4 crores in Q2 FY19 to Rs.37.5 crores in Q2 FY20 driven by expansion in client base as well as primary rate increases.

\*As per IRDAI Q1 FY20 quarterly public disclosures

### Combined Ratio Movement



### Investment Book & Leverage ratio



- Pressure on combined ratio in Q2 FY20
  - 121.1% as compared to 117.3%# in Q2FY19 (without TP transaction)
  - Due to increased reinsurance cessions, retention ratio for the company has reduced from 75.7% in Q2 FY19 to 65.1% in Q2 FY20, resulting in higher expenses ratio from 34.5% in Q2 FY19 to 45.3% in Q2 FY20
  - Loss ratio for Q2 FY20 (85%) is higher than Q2 FY19 (77.2%)
- Investment carrying yield as at Q2 FY20 stands at 7.98%
- Solvency for the company stands at 1.66 times as against 1.50 times required by IRDAI

\*64.8% & #112.5% with TP transaction, \$Closing Investment corpus / Closing capital

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

Ind AS						
Particulars	Q2 FY20	Q2 FY19	Q1 FY20	H1 FY20	H1 FY19	FY19
Gross Written Premium	300	208	290	590	400	1026
Net Written Premium	196	157	167	362	139	517
<b>Net Earned Premium</b>	<b>169</b>	<b>115</b>	<b>164</b>	<b>334</b>	<b>63</b>	<b>385</b>
Net Claims Incurred	144	89	135	279	-6	272
Net Commission	-18	1	-11	-29	3	-29
Management Expenses	90	54	82	171	101	247
Impairment loss	8	2	-	-	2	10
<b>Underwriting Profit</b>	<b>-54</b>	<b>-32</b>	<b>-42</b>	<b>-87</b>	<b>-37</b>	<b>-116</b>
Investment & Other Income	62	23	38	90	48	107
<b>Profit Before Tax</b>	<b>8</b>	<b>-8</b>	<b>-3</b>	<b>3</b>	<b>11</b>	<b>-8</b>
Taxes	-	0	1	-	0	-10
<b>Profit After Tax</b>	<b>8</b>	<b>-8</b>	<b>-4</b>	<b>3</b>	<b>11</b>	<b>1</b>

Values in Rs crore

1 Company Overview

2 Financial Performance – Q2 FY20

3 Business Strategy

4 **Business enablers to drive sustainable growth**

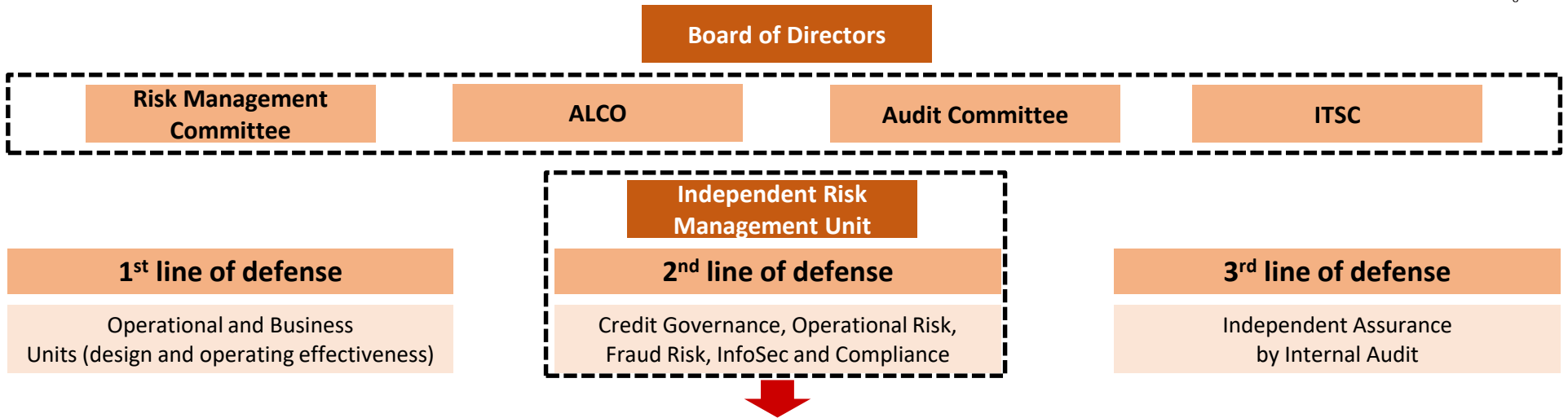
5 Leadership Team & Shareholding Structure

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.*

# 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
- **Structured customer engagement program** - Welcome calling to customers, Proactive connect to prevent complaints etc.
- **31% reduction** in customer complaints received from regulatory authorities between H1 FY20 vs H1 FY19
- Deep credit-bureau tie-ups to provide relevant products for cross-sell and increase **lifetime value of customer**
- 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.**
- **93% increase** in units and 81% in value for cross sell disbursements in Q1 FY20 vs Q1 FY19. Q2 FY 20 had a decrease due to business trigger in August 19.
- **NPS survey** conducted to record **voice of customer** and measures taken to reduce customer pain points.
- **ABF NPS survey** has been clocking a **healthy ratio** in the range of **40 – 45** which is one of the best in the industry

1 Company Overview

2 Financial Performance – Q2 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.*

## Promoter Directors

<p><b>Mayank Poddar</b> <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> <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> <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 SBI Capital Markets Limited</p>
---	---

<p><b>Vijayalakshmi R Iyer</b> <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>
--	---

<p><b>VK Viswanathan</b> <i>Independent Director</i></p>	<p>He served as the Chairman and Managing Director of Bosch Ltd. He currently serves on board of various reputed Indian corporates as an Independent Director.</p>
--	--

# Management Team



**Sanjay Chamria**  
VC and MD

## Business CEO / Functions

## Support Functions



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



**Rajive Kumaraswami**  
MD & CEO -MHD



**Mahender Bagrodia**  
Chief Business Officer - 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.

**Sep-2014**

Chief Strategy  
Officer- Housing and  
SME, Magma  
Fincorp Limited

**Jan-2019**

Vice president-HR,  
Bajaj Finserv Limited

**Sep-2018**

Chief Risk Officer,  
Fullerton India  
Credit Company  
Limited.

**Oct-2011**

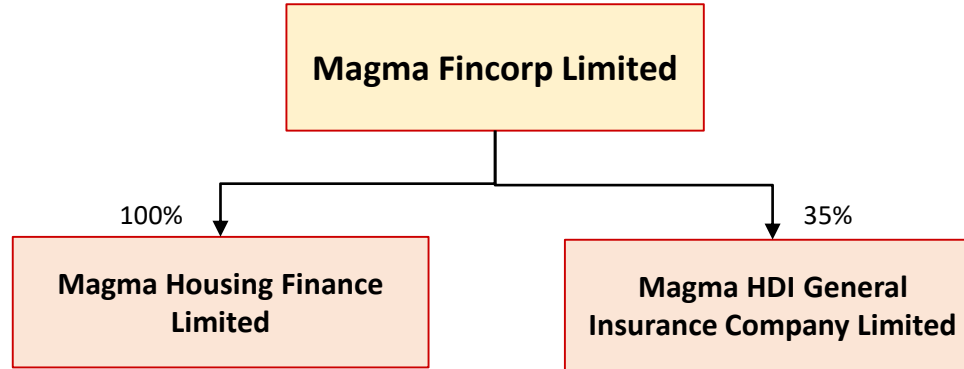
CEO,  
Century Extrusions  
Limited

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

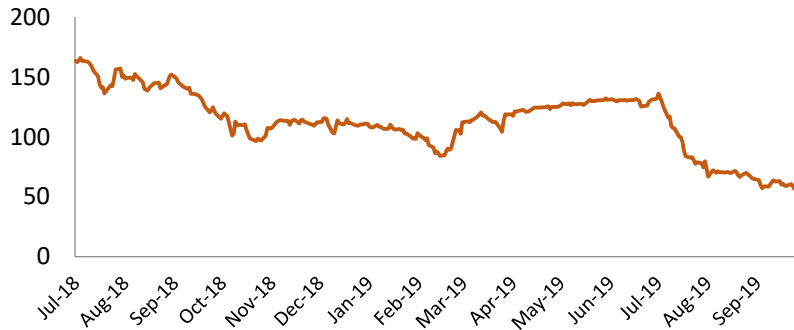
**Joined**

Title and Previous Company

# Holding Structure & Shareholding Pattern

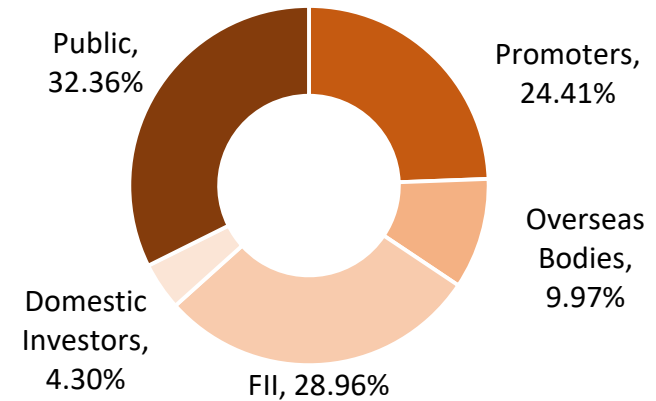


## Share Price Performance



Average share price data from NSE

## Shareholding (30-Sep-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

1 Company Overview

2 Financial Performance – Q2 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.*

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

Particulars	Q2 FY20	Q1 FY20	Q2 FY19	FY19
Net Revenue	290	285	331	1,267
Expenses	150	150	152	602
<b>Operating Profit</b>	<b>140</b>	<b>135</b>	<b>179</b>	<b>665</b>
Net Credit Loss	122	124	85	262
<b>Profit Before Tax</b>	<b>18</b>	<b>11</b>	<b>94</b>	<b>403</b>
Tax	6	3	24	128
<b>Profit After Tax</b>	<b>12</b>	<b>8</b>	<b>71</b>	<b>275</b>

# Magma Fincorp Ltd. (MFL) Standalone Balance Sheet

Particulars	30-Sep-19	30-Sep-18	31-Mar-19
Cash and Cash Equivalents	977	522	933
Loans and Advances	11863	12,510	13,149
Other Assets	833	739	722
Fixed Assets	191	184	187
<b>Total Assets</b>	<b>13,865</b>	<b>13,955</b>	<b>14,991</b>
Borrowings	10916	11,009	11,828
Other Liabilities	401	545	607
Share Capital	54	54	54
Reserves & Surplus	2493	2,347	2,502
<b>Total Liabilities</b>	<b>13,865</b>	<b>13,955</b>	<b>14,991</b>

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

Particulars	Q2 FY20	Q1 FY20	Q2 FY19	FY19
Net Revenue	45	45	33	133
Expenses	25	27	19	83
<b>Operating Profit</b>	<b>20</b>	<b>18</b>	<b>15</b>	<b>50</b>
Net Credit Loss	0	5	2	3
<b>Profit Before Tax</b>	<b>20</b>	<b>14</b>	<b>13</b>	<b>47</b>
Tax	6	4	4	13
<b>Profit After Tax</b>	<b>14</b>	<b>10</b>	<b>9</b>	<b>34</b>



## Corporate Social Responsibility

Magma has received 12 awards since 2015 for the various CSR activities covering Education, Health and Environment Sustainability.

The latest recognition was received in September 2019 from Asian Customer Engagement Forum & Awards'2019 – Excellence in CSR – **Magma Highway Heroes**

## Information Technology

- Excellence in Technological Innovation at BIG25 NBFC Excellence Awards'2019
- Thought Leaders of IT Award at the 8<sup>th</sup> BFSI IT Summit'2019

## Corporate Communication

Magma has received 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



## 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 around 2 Lac Truck Drivers at around 300 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

## M-Education, Mid Day meal, Swyam Programmes

- **Mid-day Meal** offered to 6500 kids in Govt. Schools in 7 states (West Bengal, NCR, Maharashtra, Jharkhand, Andhra, Haryana and Rajasthan)
- Sponsored cataract surgery for over 300 needy patients
- 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
- In the last 5 years Magma has supported the academic aspiration of around 400 meritorious students from humble background



## Magma M-Care – Mobile health Camps

- Magma runs M Care health camps at Rural India. More than 1 Lac people benefitted.
- We are planning to conduct 100 camps in remote areas in FY 20



Group level CSR activities are managed by Magma Foundation



*This presentation has been prepared by Magma Fincorp Limited (the “Company”), for general information purposes only, without regard to any specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation or form part of any offer or invitation, directly or indirectly, in any manner, or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment therefor. This presentation does not solicit any action based on the material contained herein. Nothing in this presentation is intended by the Company to be construed as legal, accounting or tax advice.*

*This presentation has been prepared by the Company based upon information available in the public domain. This presentation has not been approved and will not or may not be reviewed or approved by any statutory or regulatory authority in India or by any Stock Exchange in India. This presentation may include statements which may constitute forward-looking statements. The actual results could differ materially from those projected in any such forward-looking statements because of various factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.*

*This presentation contains certain forward-looking statements relating to the business, financial performance, strategy and results of the Company and/or the industry in which it operates. Forward-looking statements are statements concerning future circumstances and results, and any other statements that are not historical facts, sometimes identified by the words including, without limitation "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements, including those cited from third party sources, contained in this presentation are based on numerous assumptions and are uncertain and subject to risks. A multitude of factors including, but not limited to, changes in demand, competition and technology, can cause actual events, performance or results to differ significantly from any anticipated development. Neither the Company nor its affiliates or advisors or representatives nor any of its or their parent or subsidiary undertakings or any such person's officers or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does either accept any responsibility for the future accuracy of the forward-looking statements contained in this presentation or the actual occurrence of the forecasted developments. Forward-looking statements speak only as of the date of this presentation and are not guarantees of future performance. As a result, the Company expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements in this presentation as a result of any change in expectations or any change in events, conditions, assumptions or circumstances on which these forward looking statements are based. Given these uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements.*



*The information contained in these materials has not been independently verified. None of the Company, its directors, promoter or affiliates, nor any of its or their respective employees, advisers or representatives or any other person accepts any responsibility or liability whatsoever, whether arising in tort, contract or otherwise, for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise in connection with this presentation, and makes no representation or warranty, express or implied, for the contents of this presentation including its accuracy, fairness, completeness or verification or for any other statement made or purported to be made by any of them, or on behalf of them, and nothing in this presentation or at this presentation shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Past performance is not a guide for future performance. The information contained in this presentation is current, and if not stated otherwise, made as of the date of this presentation. The Company undertakes no obligation to update or revise any information in this presentation as a result of new information, future events or otherwise. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedure to ensure that they are making an informed decision.*

*This presentation is not a prospectus, a statement in lieu of a prospectus, an offering circular, an advertisement or an offer document under the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, or any other applicable law in India.*

*This presentation is strictly confidential and may not be copied or disseminated, in whole or in part, and in any manner or for any purpose. No person is authorized to give any information or to make any representation not contained in or inconsistent with this presentation and if given or made, such information or representation must not be relied upon as having been authorized by any person. Failure to comply with this restriction may constitute a violation of the applicable securities laws. Neither this document nor any part or copy of it may be distributed, directly or indirectly, in the United States. The distribution of this document in certain jurisdictions may be restricted by law and persons in to whose possession this presentation comes should inform themselves about and observe any such restrictions. By reviewing this presentation, you agree to be bound by the foregoing limitations. You further represent and agree that you are located outside the United States and you are permitted under the laws of your jurisdiction to receive this presentation.*

*This presentation is not an offer to sell or a solicitation of any offer to buy the securities of the Company in the United States or in any other jurisdiction where such offer or sale would be unlawful. Securities may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in to or within the United States absent registration under the United States Securities Act of 1933, as amended (the "Securities Act"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Company's securities have not been and will not be registered under the Securities Act.*