

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



31 January 2020

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,

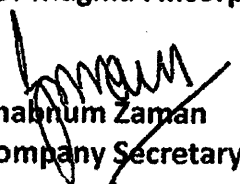
Pursuant to Regulation 30 of the Listing Regulations we are enclosing herewith the presentation to be made to the Investors/Analysts on the Unaudited Financial Results of the Company for the quarter ended 31 December 2019.

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 – Q3 FY20**

**1** **Company Overview**

**2** **Financial Performance – Q3 FY20**

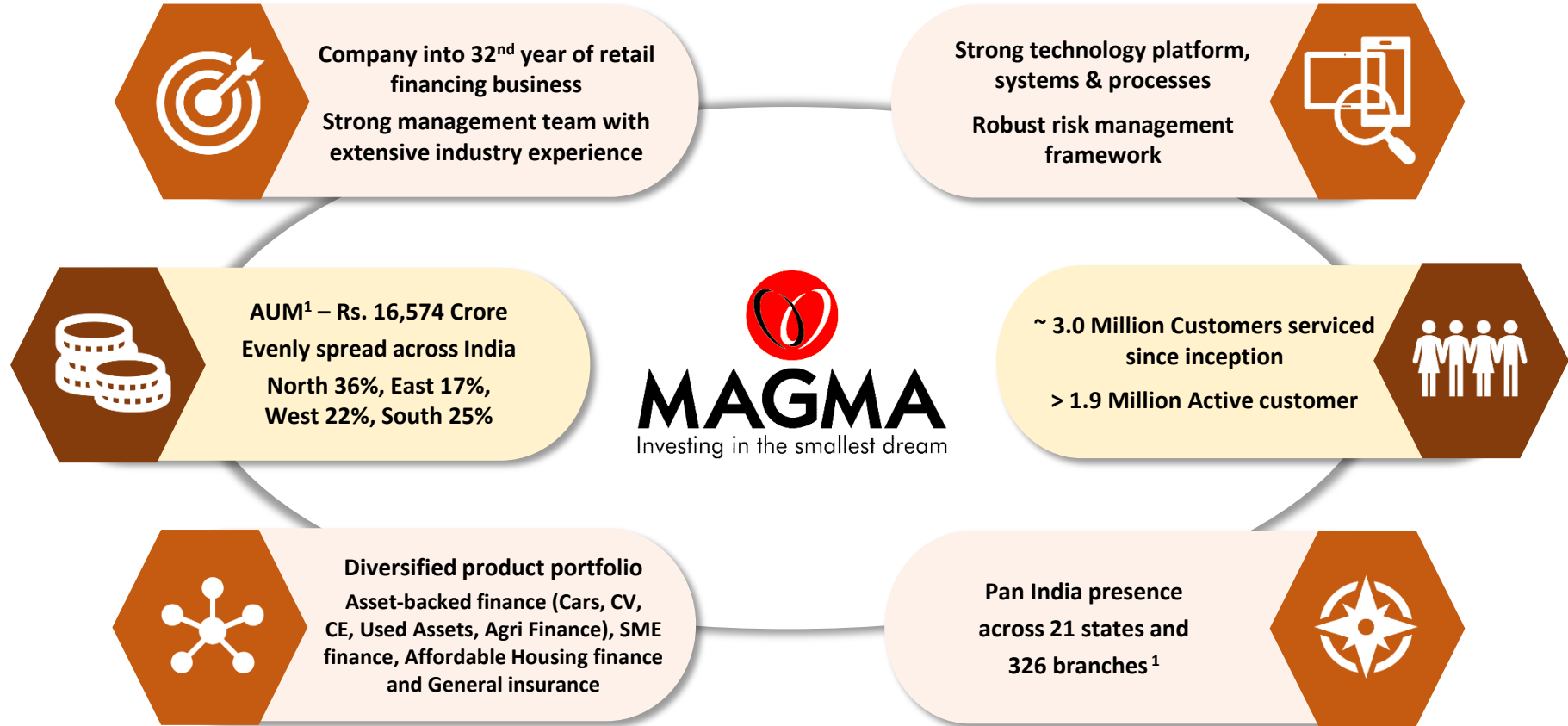
**3** **Business Strategy**

**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.*



CV – Commercial Vehicles, CE – Construction Equipment

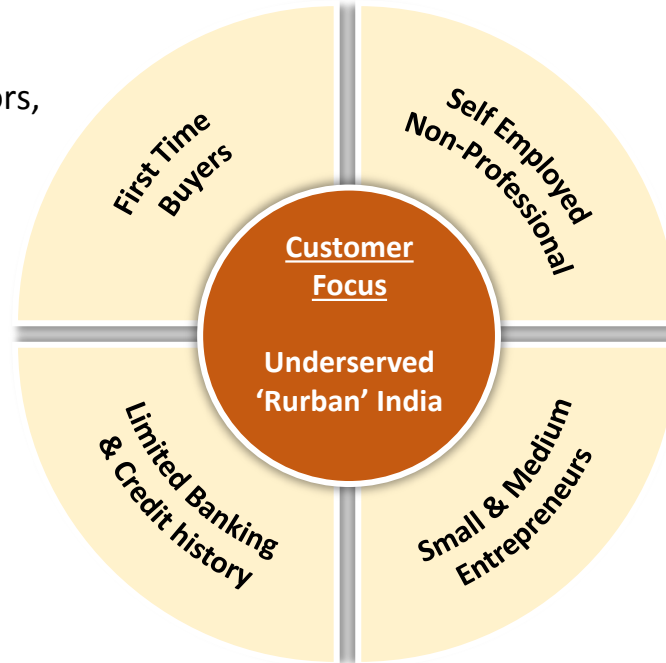
1 – AS on 31<sup>st</sup> December, 2019

# 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	●	●	●	●	9-13	50-60%	150-180
	General Insurance	●	●	●	●			

Numbers indicative of disbursements done during Q3 FY20

Commercial Finance includes trucks, construction equipment, Cars

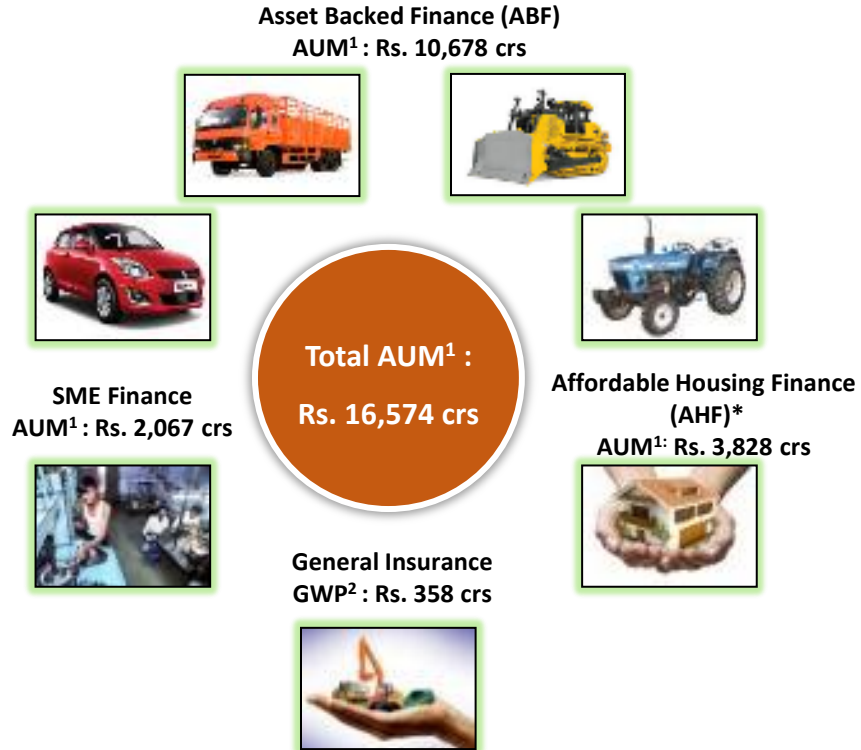
SME Finance includes Unsecured Loans to Business Enterprises

Agri Finance includes Tractors

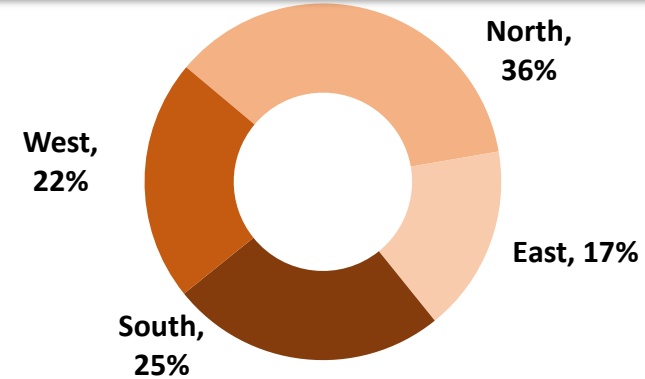
Affordable Housing Finance includes Home Loans and Loan against property

# A well diversified portfolio across segment and geography

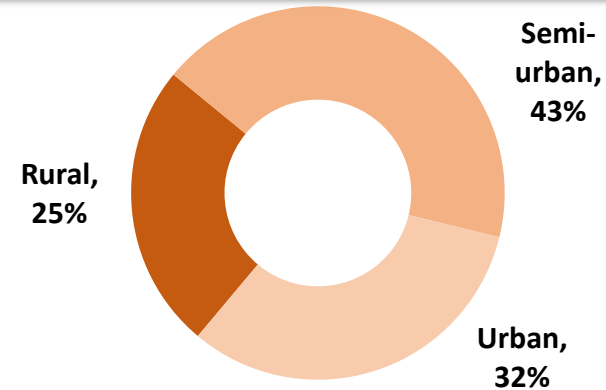
## Diverse Product Offerings



## Zone-wise Breakup



## Rural-Urban Breakup



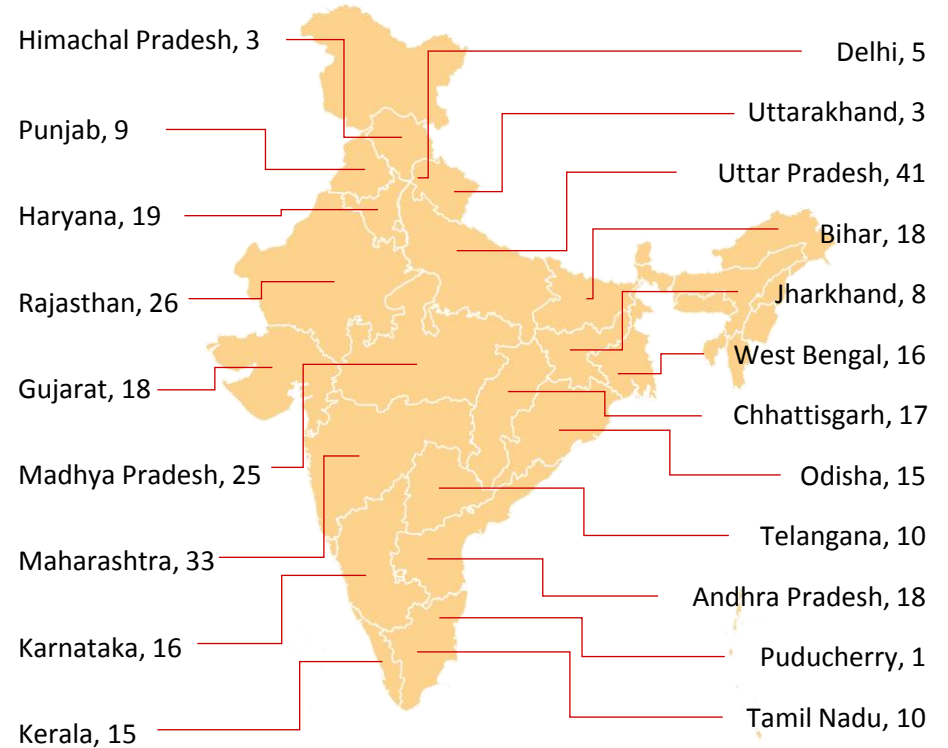
1 - As of 31<sup>st</sup> December 2019; 2 - For Q3 FY20

\* Split between MFL (Rs. 642 crs) and MHF (Rs. 3,186 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

## 326 Branches as on 31<sup>st</sup> December, 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 – Q3 FY20**

3 Business Strategy

4 Business enablers to drive sustainable growth

5 Leadership Team & Shareholding Structure

6 Annexures

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- Liquidity crisis in financial services sector since Sep-18 resulted in broader economic slowdown impacting all sections of economy
- Liquidity significantly eased in Q3FY20, consequent to decisive government interventions
- GDP in Q2 FY20 declined to a 26 quarter low, to 4.5%; high unemployment numbers, leading to uncertainty of income and slowdown in consumption
- Stressed cash-flow in the hands of rural customer impacting their ability to repay loans
- Reduced load availability for trucks due to economic slow down impacted freight earnings and consequently CV portfolio performance adversely
- Affordable Housing continues growth momentum, with support from various government initiatives like PMAY. Although unsold inventory in larger cities in premium segment have led to stress in Real Estate sector
- Central Government introduced various schemes like Interest Subvention and Credit Guarantee Schemes to support credit growth for SME sector

- **Comfortable liquidity** during and at the end of quarter; Raised Rs. 2,195 crs of long term funds in Q3 FY20. Good visibility for new funding lines to meet business requirements till end of Q1 FY21
- **ALM fully matched** over Q2 FY20, surplus of assets over liabilities in each bucket. AUM to grow from Q1 FY21
- **COF** on incremental borrowings lower by 50-75 bps. Overall CoF expected to flatten in Q4 FY20 and decline from Q1 FY21
- **Disbursement** is back to normal. **AUM** decline arrested, exit AUM FY20 to be at similar level YoY
- **Asset Quality** marginally under stress in the backdrop of current scenario. GNPA increase restricted to specific products/geographies; Significant roll backs expected over time
- **Yield:** Prudent change in Disbursement Mix towards better yielding products to help improve NIMs
- **Opex under control** through conscious and prudent cost management

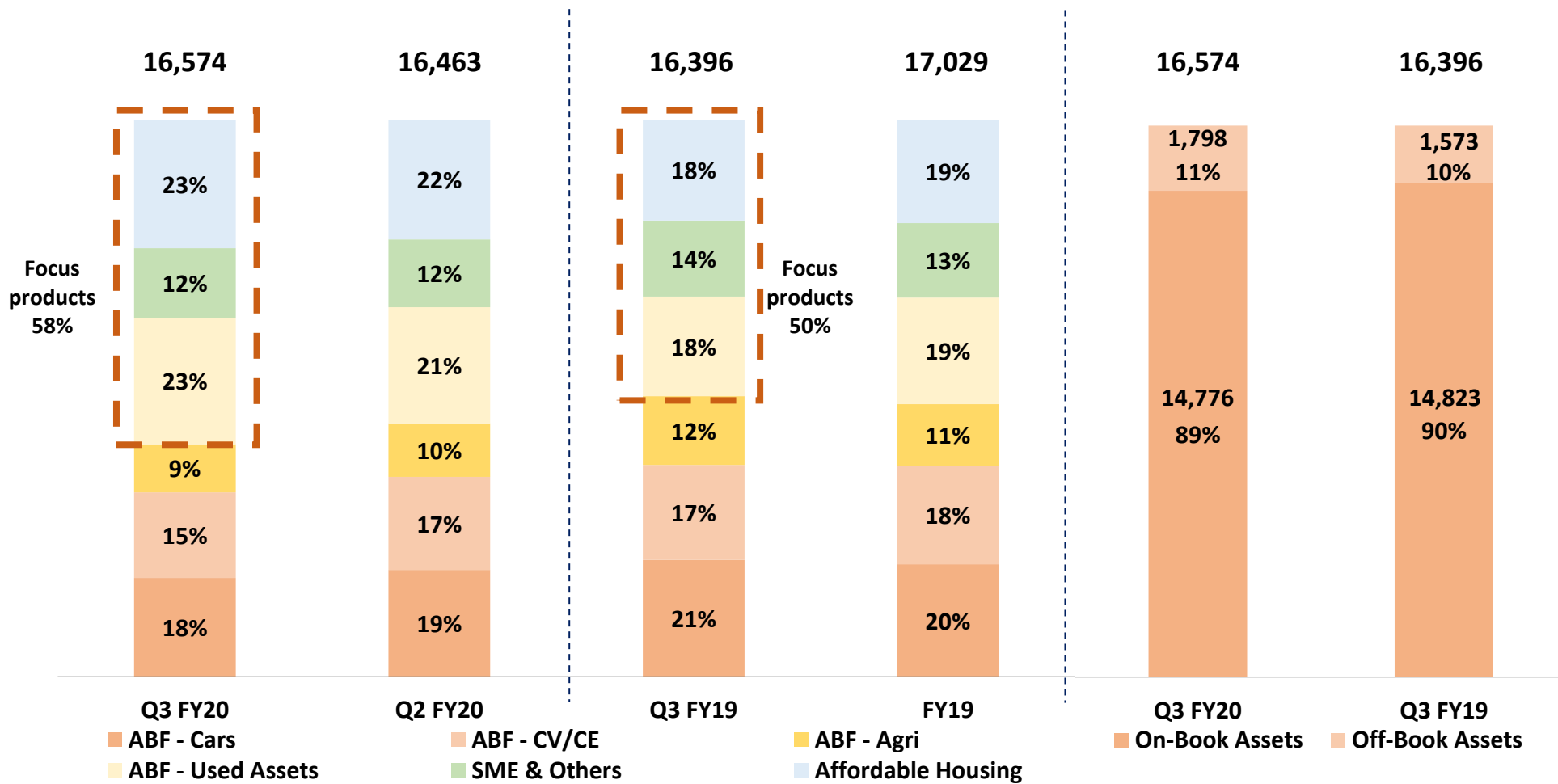
### Priorities for immediate future

- To improve NIMs, which has significantly declined due to increase in Cost of Funds
- Improvement in Asset Quality
- AUM Growth

# Key Financial Highlights Q3 FY20

Parameter	Q3 FY20	Q2 FY20	QoQ	Q3 FY19	YoY
AUM	Rs. 16,574 crs	Rs. 16,463 crs	0.7%	Rs. 16,396 crs	1.1%
Disbursement	Rs. 2,014 crs	Rs. 1,015 crs	98.4%	Rs. 2,132 crs	5.5%
NIM	7.8%	7.9%	0.1%	8.4%	0.6%
Opex Ratio	4.2%	4.1%	0.1%	4.3%	0.1%
NCL	2.9%	2.9%	0.0%	1.3%	1.6%
Net NPA	4.5%	4.2%	0.3%	4.0%	0.5%
PAT	Rs. 22.4 crs	Rs. 29.5 crs	24.2%	Rs. 74.0 crs	69.7%

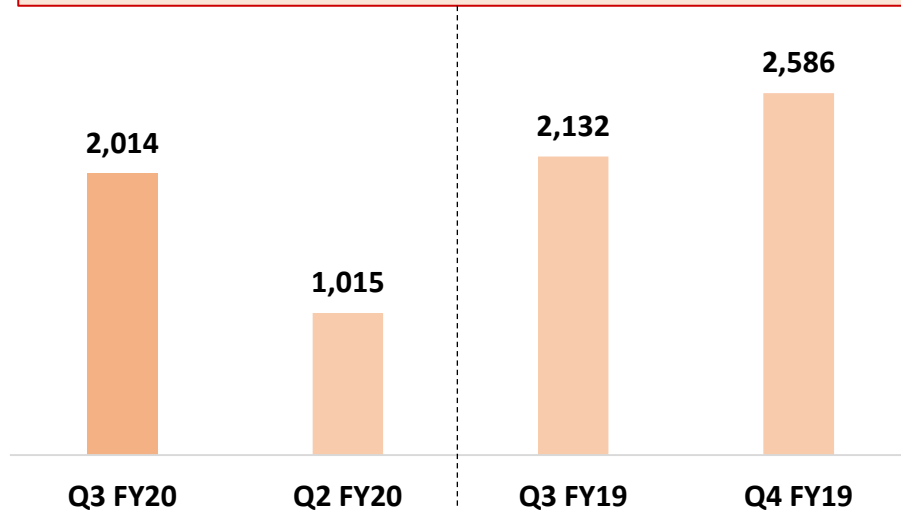
# Assets Under Management (AUM) – Product mix moving towards focus products



Values in Rs crore

# Disbursals back on track

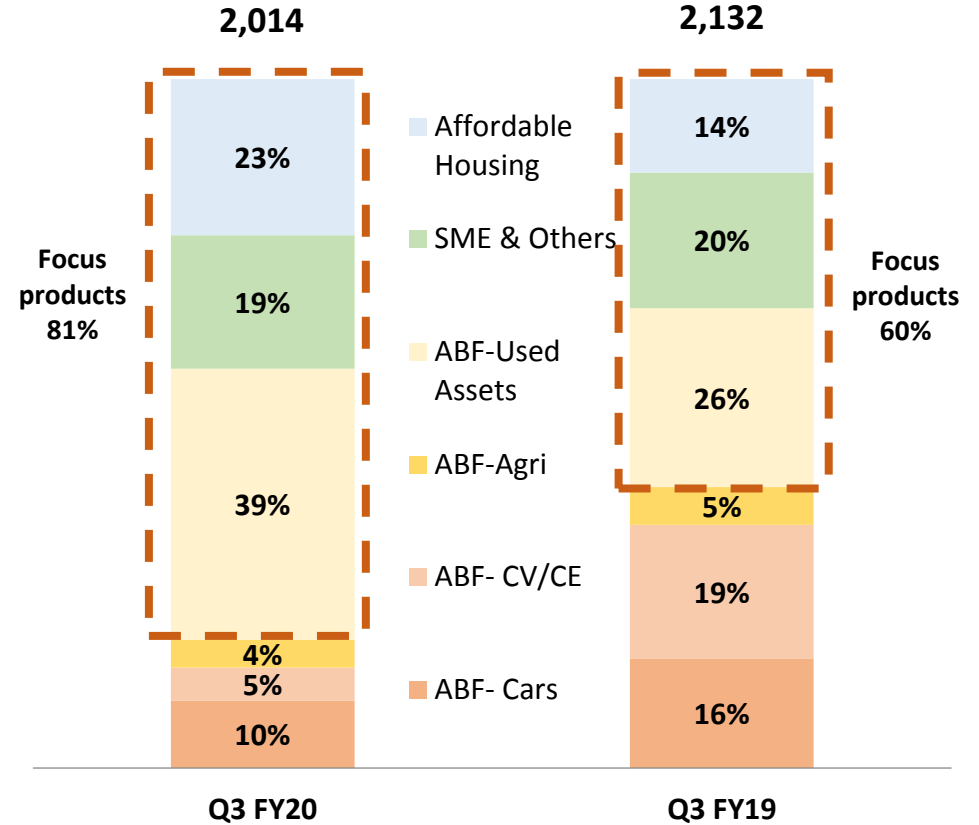
## QoQ growth in Disbursement



- Q3 FY20 Disbursals back to normal level
- Increase in contribution of focus products, i.e., Used assets, Affordable Housing and SME from 60% to 81%

Values in Rs crore

## YoY Change in Disbursement Mix



Particulars	Q3 FY20	Q2 FY20	Q3 FY19	FY19
Gross Stage 1 and Stage 2 Assets	13,790	13,653	13,913	14,898
ECL Provision – Stage 1 and 2	277	286	333	293
<b>Stage 1 and Stage 2 Coverage Ratio (%)</b>	<b>2.0%</b>	<b>2.1%</b>	<b>2.4%</b>	<b>2.0%</b>
Gross Stage 3 Assets	987	928	910	747
Net Stage 3 Assets	647	599	586	472
<b>Gross Stage 3 Assets (%) (~ GNPA)</b>	<b>6.7%</b>	<b>6.4%</b>	<b>6.1%</b>	<b>4.8%</b>
<b>Net Stage 3 Assets (%) (~NNPA)</b>	<b>4.5%</b>	<b>4.2%</b>	<b>4.0%</b>	<b>3.1%</b>
<b>Stage 3 Coverage Ratio (%)</b>	<b>34.4%</b>	<b>35.4%</b>	<b>35.6%</b>	<b>36.8%</b>

- 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 – Stable QoQ, not confirming to historical Q3 trends

**Housing and SME loans perform in line with expectations. ~80% of the NCL is contributed by the vehicle loans**

- Disproportionate NCL coming from CV: 63% increase in stage 3 assets since Mar'19, despite being 15% of AUM
- Achieved lower YoY fresh NPA formation in 9MFY20 vs 9MFY19 [indicator of Credit Quality]; however significantly lower Roll backs were a major contributor to ECL variance vs 9MFY19 [indicator of macros]
- Loss on settlements/Re-sale almost doubled (YoY); inability of customers to get vehicle released
- Trending is positive: fresh NPA creation significantly reduced as quarter progressed, and increasing Roll Backs give confidence

Table A

Rs. Crs

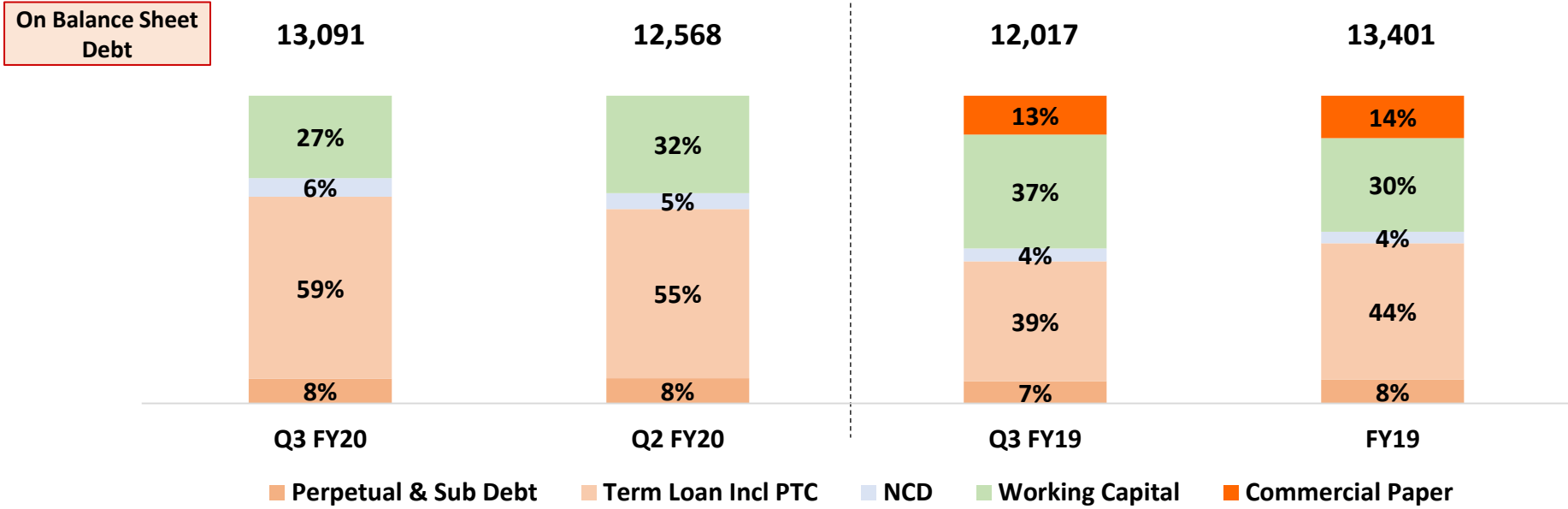
Particulars	Q3 FY20	Q2 FY20	Q3 FY19
Net ECL Provision*	62.0	72.0	22.4
Loss on Settlement/ Repo	58.4	50.5	30.1
<b>NCL</b>	<b>120.4</b>	<b>122.5</b>	<b>52.5</b>
<b>Collection Efficiency</b>	<b>96.4%</b>	<b>97.5%</b>	<b>98.9%</b>
<i>*Includes movement to 100% provision bucket</i>	58.7	47.6	48.0

Table B

Rs. Crs

Particulars	Q3 FY20	Q2 FY20	Q3 FY19
Gross Stage 3 Assets	987	928	910
Provisions held	340	329	324
Net Stage 3 Assets	647	599	586
<b>GNPA%</b>	<b>6.7%</b>	<b>6.4%</b>	<b>6.1%</b>
<b>NNPA%</b>	<b>4.5%</b>	<b>4.2%</b>	<b>4.0%</b>
PCR%	34.4%	35.4%	35.6%
Stage 1 & 2 Coverage Ratio	2.0%	2.1%	2.4%
On Book AUM	14,776	14,581	14,823

# Liability Profile – Structural Shift to Long Term Liquidity



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 for purpose of ALM).
- Source of liabilities - Banks 78%, Debt capital market 22%.

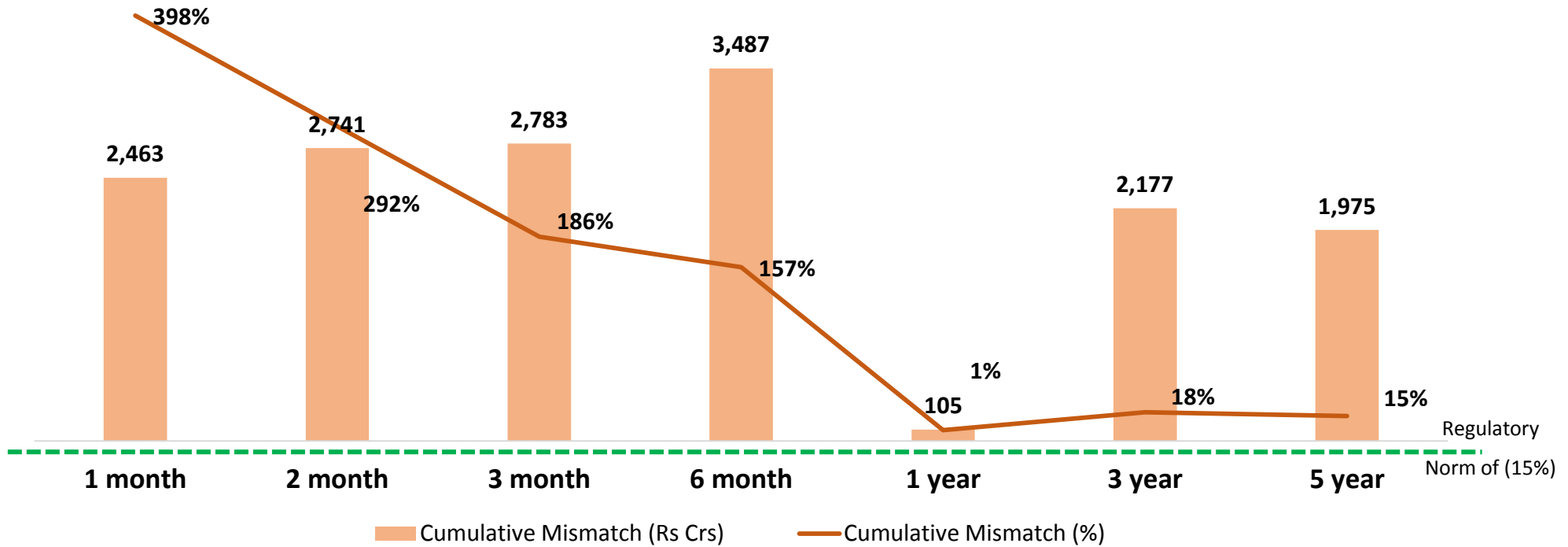
## Fresh Borrowings in Q3 FY20

Instrument	MFL	MHFL	Consolidated
Term Loans	550	400	950
NCDs	350	-	350
Securitization	552	343	895
<b>Total</b>	<b>1,452</b>	<b>743</b>	<b>2,195</b>

## Borrowing Mix as at 31 December 2019

Particulars	Fixed Rate Borrowings	Floating Rate Borrowings
MFL	50%	50%
MHFL	27%	73%
<b>Consolidated</b>	<b>46%</b>	<b>54%</b>

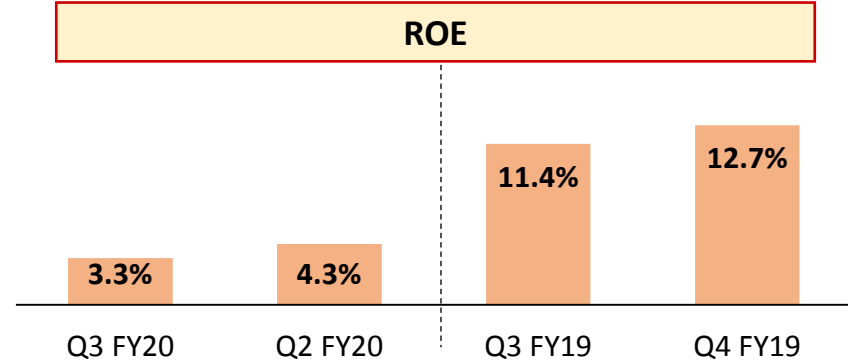
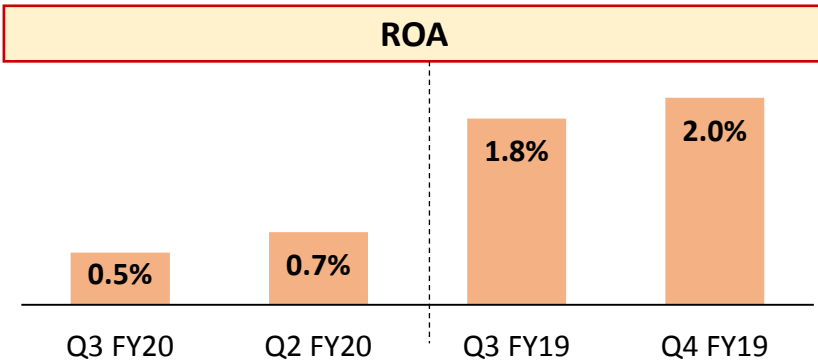
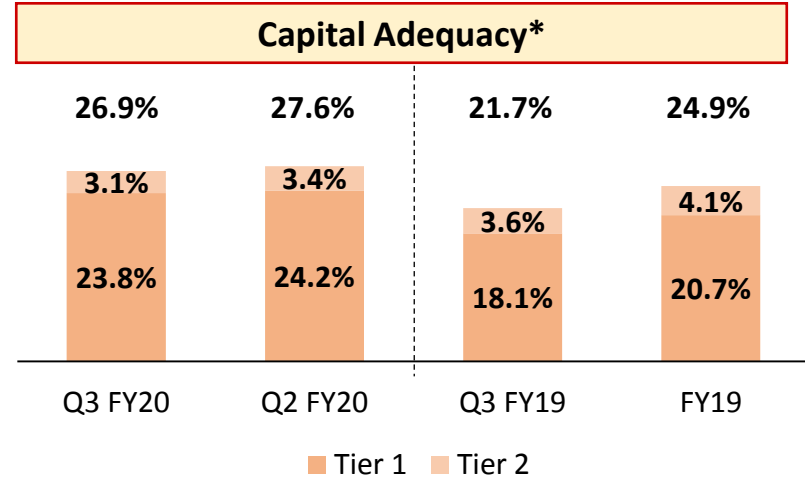
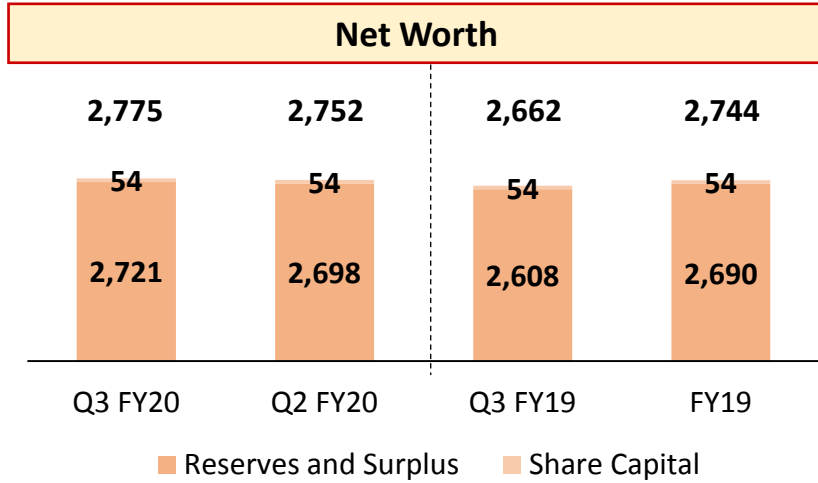
# Structural Liquidity for MFL as at Dec 19: Positive ALM in all buckets



## Note:

- Working capital limits are considered as repayable in 6 - 12 months time bucket
- Liquidity Risk Management (LRM) Framework:
  - Adequate High Quality Liquid Assets (HQLA) to cover well over 100% requirement as on 31-Dec-19
  - Surplus in each of the new granular buckets i.e. 1-7 days, 8-14 days, 15-30/31 days

# Capital and Profitability



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	Q3FY20	Q2FY20	Q3FY19	9MFY20	9MFY19	FY19
Net Revenue	322	335	347	979	1,052	1,391
Expenses	174	175	175	525	513	684
<b>Operating Profit</b>	<b>148</b>	<b>160</b>	<b>172</b>	<b>454</b>	<b>539</b>	<b>707</b>
Net Credit Loss	120	123	52	372	224	265
<b>Profit Before Tax</b>	<b>28</b>	<b>38</b>	<b>120</b>	<b>83</b>	<b>315</b>	<b>442</b>
Tax	7	11	43	23	99	138
<b>Profit After Tax</b>	<b>21</b>	<b>26</b>	<b>77</b>	<b>59</b>	<b>216</b>	<b>303</b>
Share of profit in Joint Ventures / Associates	2	3	(3)	3	2	1
<b>Consolidated Profit After Tax</b>	<b>22</b>	<b>30</b>	<b>74</b>	<b>63</b>	<b>219</b>	<b>304</b>
RoA	0.5%	0.7%	1.8%	0.5%	1.8%	1.9%
RoE	3.3%	4.3%	11.4%	3.0%	12.7%	13.0%

Values in Rs crore

# Consolidated Balance Sheet

Particulars	31-Dec-19	31-Dec-18	31-Mar-19
Cash and Cash Equivalents	1,384	464	957
Loans and Advances	14,091	14,190	15,018
Other Assets	757	603	612
Fixed Assets	201	199	203
<b>Total Assets</b>	<b>16,432</b>	<b>15,546</b>	<b>16,789</b>
Borrowings	12,686	12,043	13,401
Other Liabilities	971	752	644
Share Capital	54	54	54
Reserves & Surplus	2,721	2,608	2,690
<b>Total Liabilities</b>	<b>16,432</b>	<b>15,456</b>	<b>16,789</b>

Values in Rs crore

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

4 Business enablers to drive sustainable growth

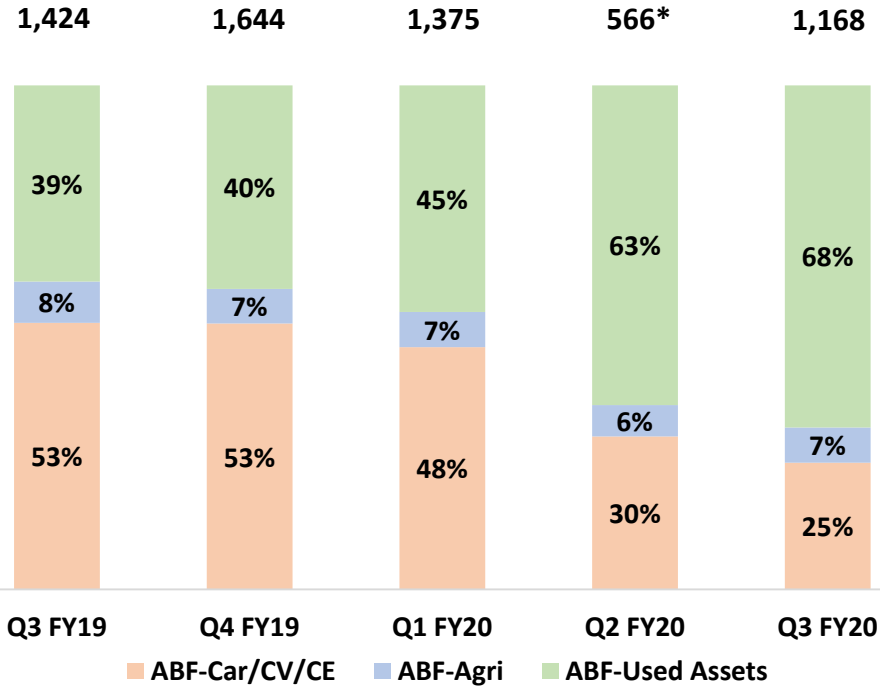
5 Leadership Team & Shareholding Structure

6 Annexures

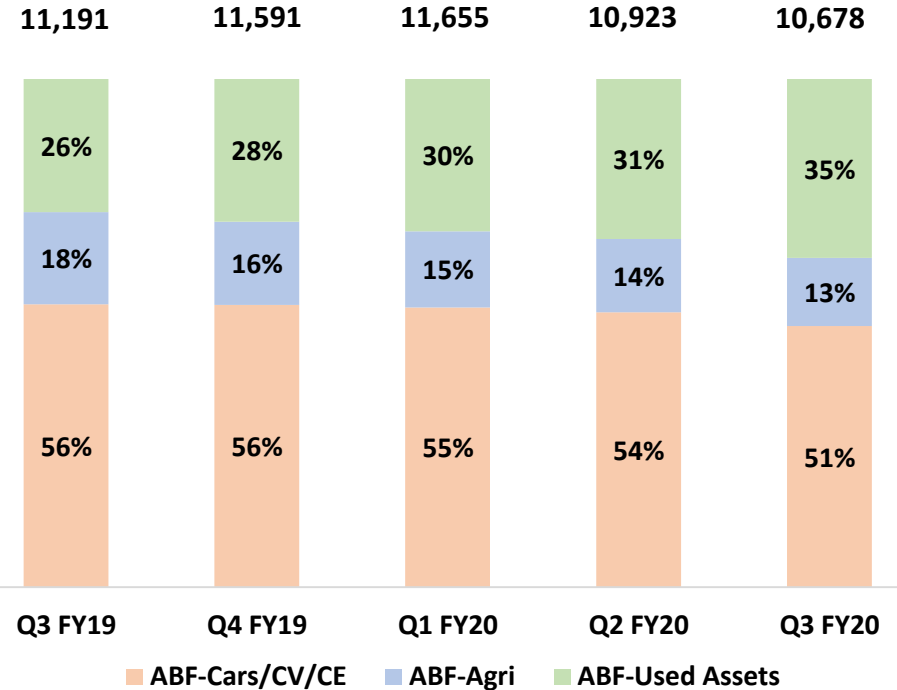
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### Disbursal % (Value)



### Product-wise AUM Contribution

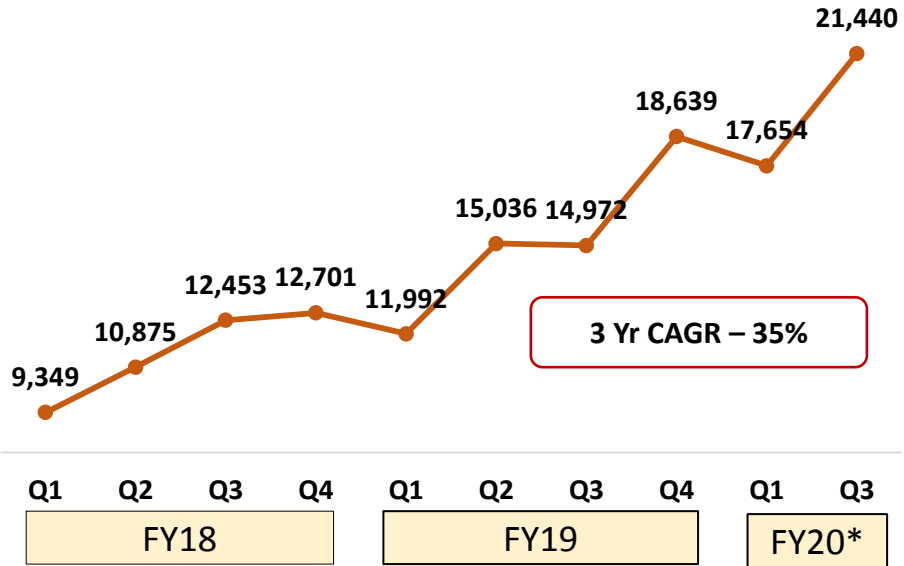


- Portfolio is being reshaped by increasing contribution of focus products and customer segments
- Flow through of higher Disbursal in Focus products is increasingly reflecting in AUM mix
- This will lead to improved Revenue Profile in ABF AUM

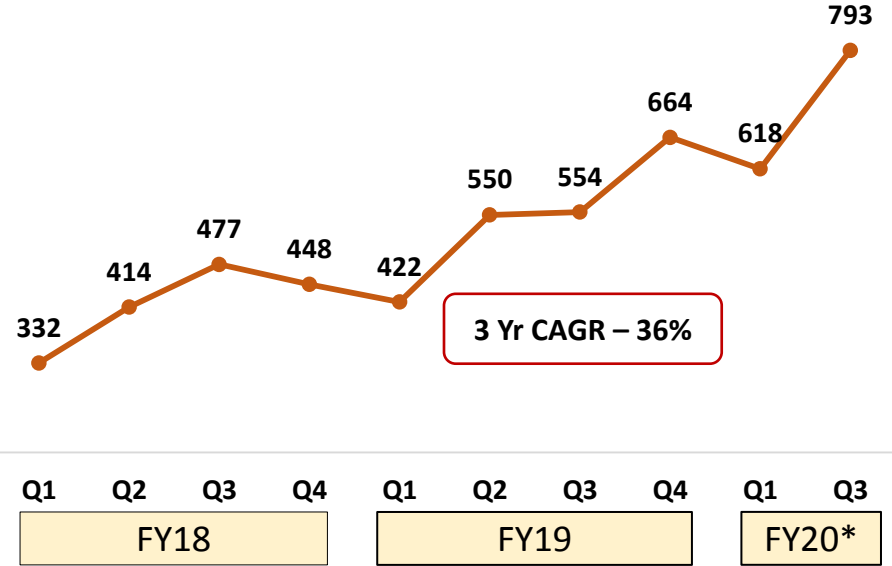
\* Aberration in Q2 FY20 numbers due to change in ALM strategy

# ABF Disbursal Strategy focused on used assets

Used Asset Disbursement (Units)



Used Asset Disbursement



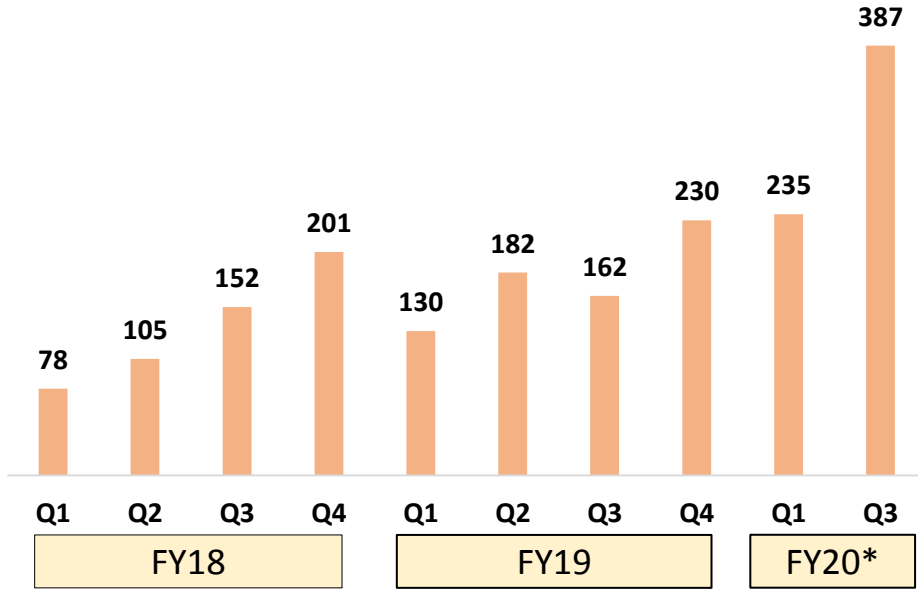
- Strategic shift in ABF portfolio toward Used Assets, in line with strategy started in FY18
- 36% CAGR growth in Disbursals over three year period

Values in Rs crore

\* Q2 FY20 numbers excluded from trend as change in ALM strategy had one time impact on disbursals

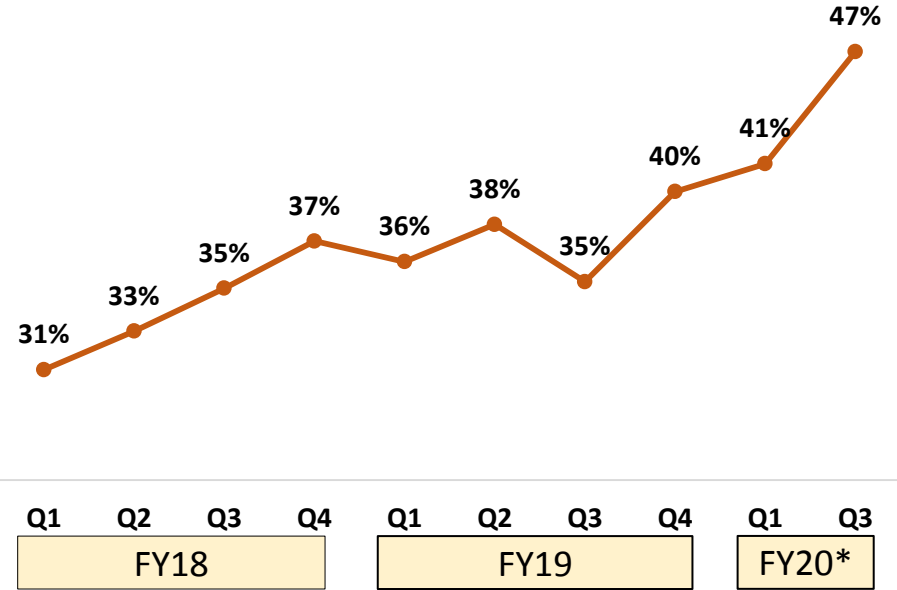
# Asset Backed Finance (ABF) Business

Cross sell Disbursement



- 139% increase in Cross Sell performance in Q3 FY20 YoY

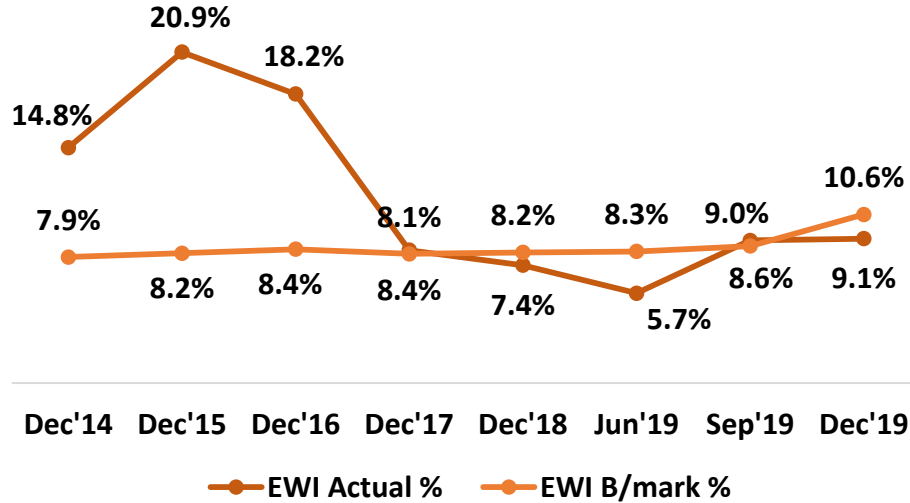
Direct Business % of total ABF Disbursal (Units)



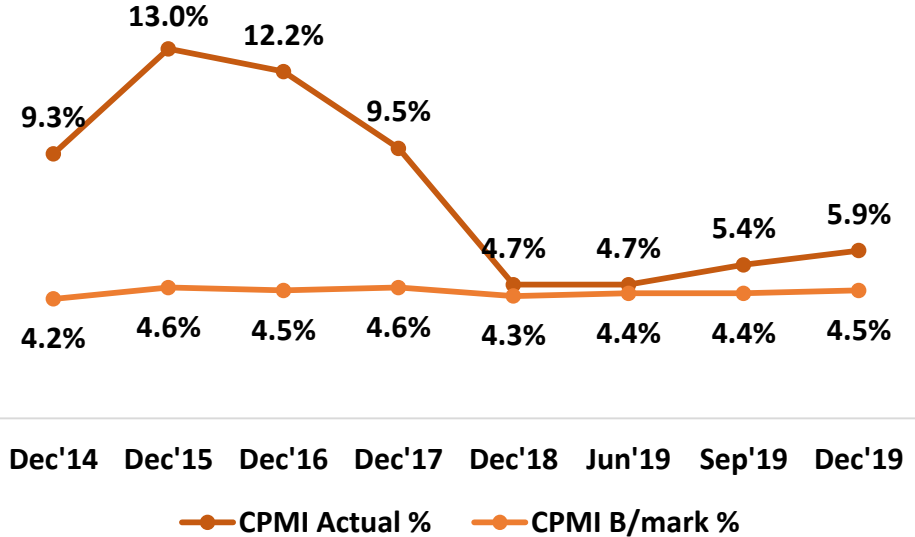
- Significant growth in direct business from 35% in Q3 FY19 to 47% in Q3 FY20

\* Q2 FY20 numbers excluded from trend as change in ALM strategy had one time impact on disbursals

### EWI Trend for ABF



### CPMI Trend for ABF



Quarter	Dec'14	Dec'15	Dec'16	Dec'17	Dec'18	Jun'19	Sep'19	Dec'19	Benchmark
<b>EWI</b>	14.8%	20.9%	18.2%	8.4%	7.4%	5.7%	9.0%	9.1%	10.6%
<b>CPMI</b>	9.3%	13.0%	12.2%	9.5%	4.7%	4.7%	5.4%	5.9%	4.5%

- EWI Benchmarks have been recalibrated considering higher disbursement of Used Assets
- CPMI benchmark would increase upwards due to change in product mix in subsequent quarters due to time lag

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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Affordable Housing Franchise gains national prominence

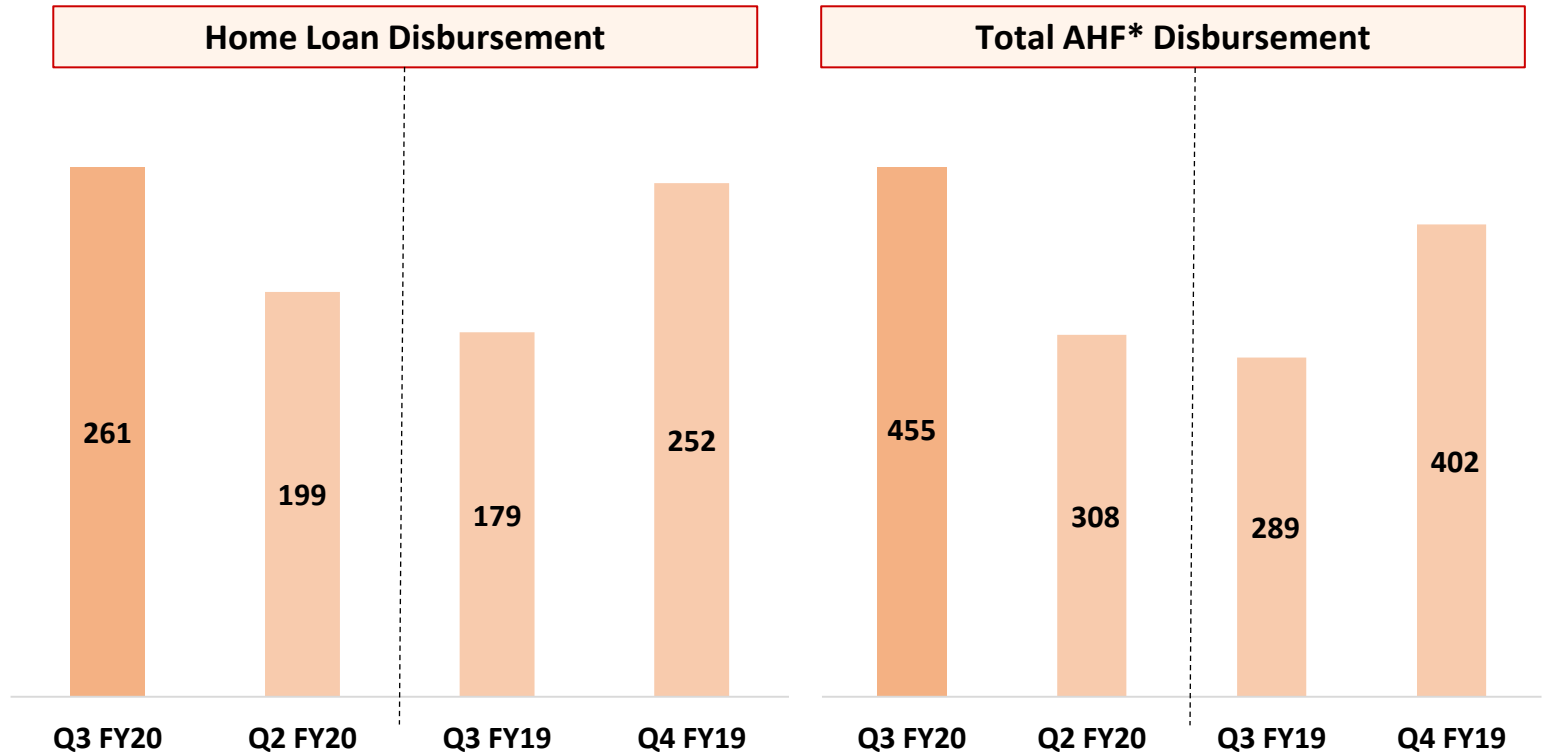
Industry leading relationship based direct origination model

~46% PMAY penetration in fresh Home Loan on-boarding

53% of customers sourced in FY20 are new to credit

## Home Loan Disbursement

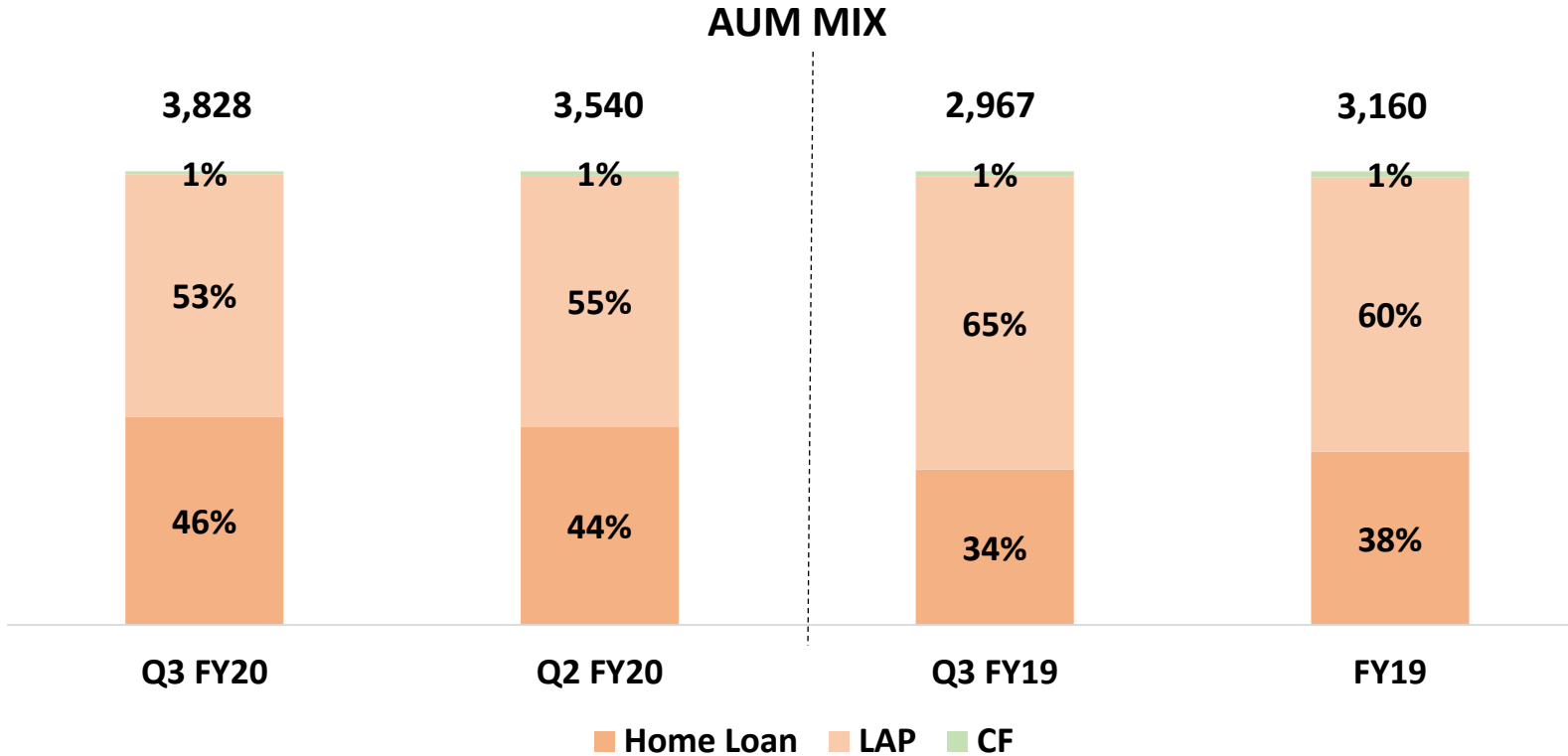
## Total AHF\* Disbursement



- 46% Y-o-Y improvement in HL disbursals and 57% Y-o-Y improvement in overall Affordable Housing Finance disbursals in Q3 FY20

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

# Affordable Housing Finance Business (AHF) – Home Loan share increasing

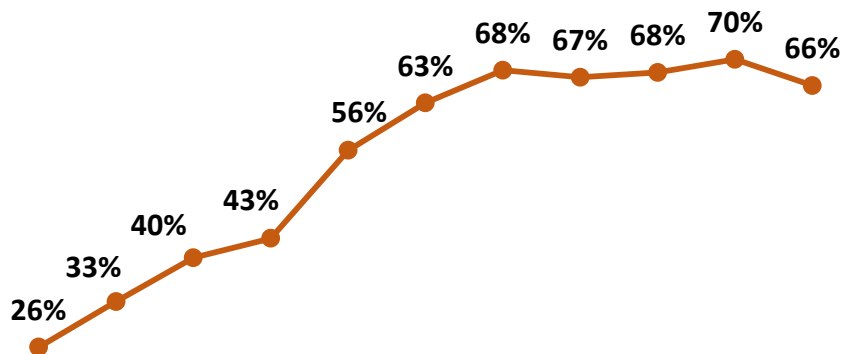


- Home Loan has increased to 46% of total Mortgage AUM from 34% in Q3 FY19

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

## Go Home Loan

### HL Ratio (Units)



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3

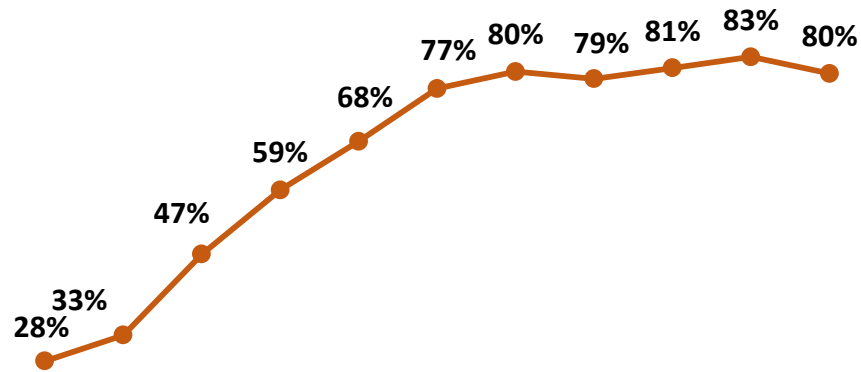
FY18

FY19

FY20

## Go Direct

### Direct Ratio (Units)



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3

FY18

FY19

FY20

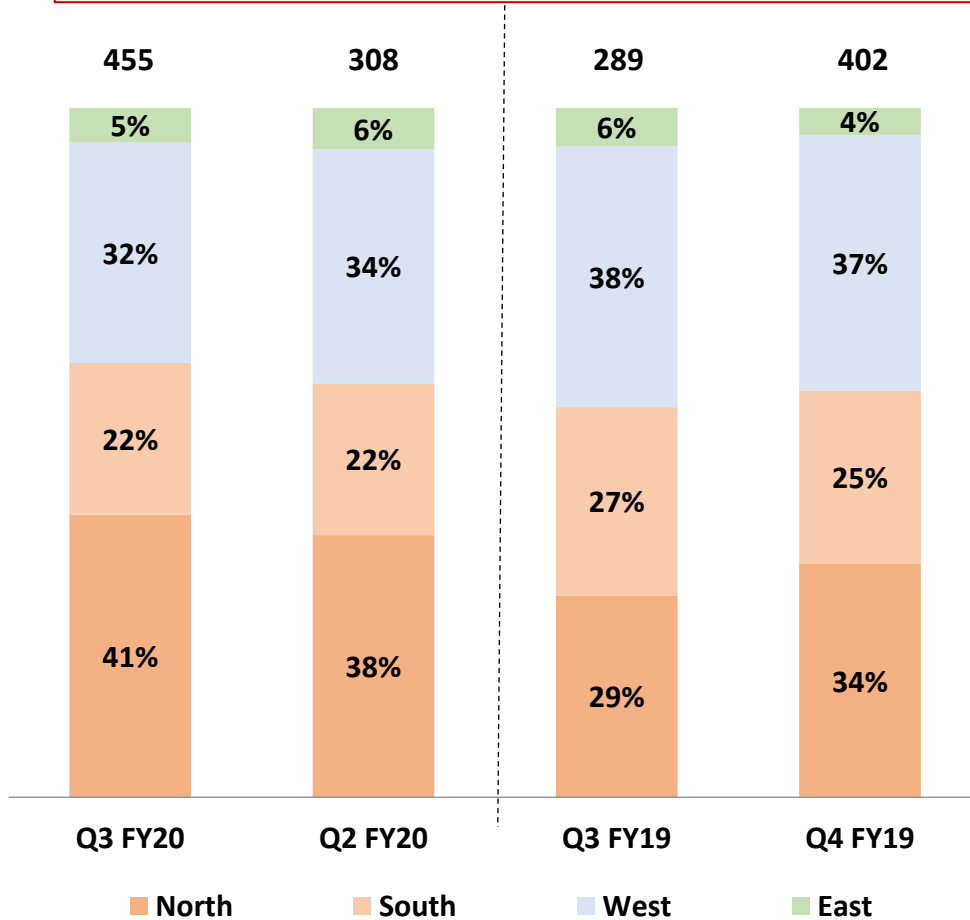
### Key Takeaways

- HL Ratio has improved from 56% in Q1 FY19 to 66% in Q3 FY20
- Direct distribution capabilities being built-up; direct sourcing has improved from 68% in Q1 FY19 to 80% in Q3 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*

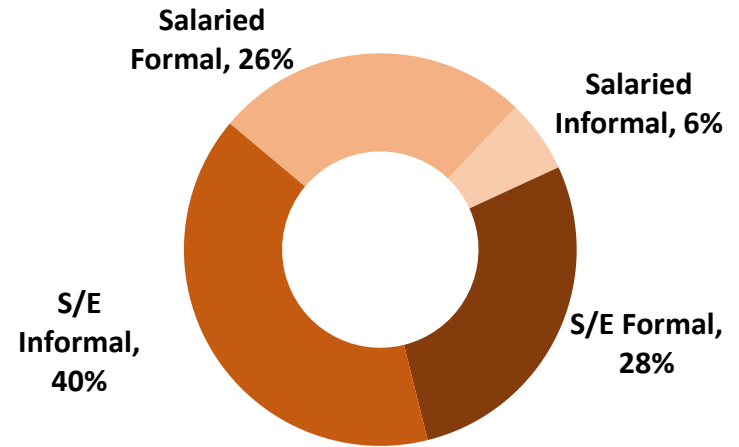


## Geography

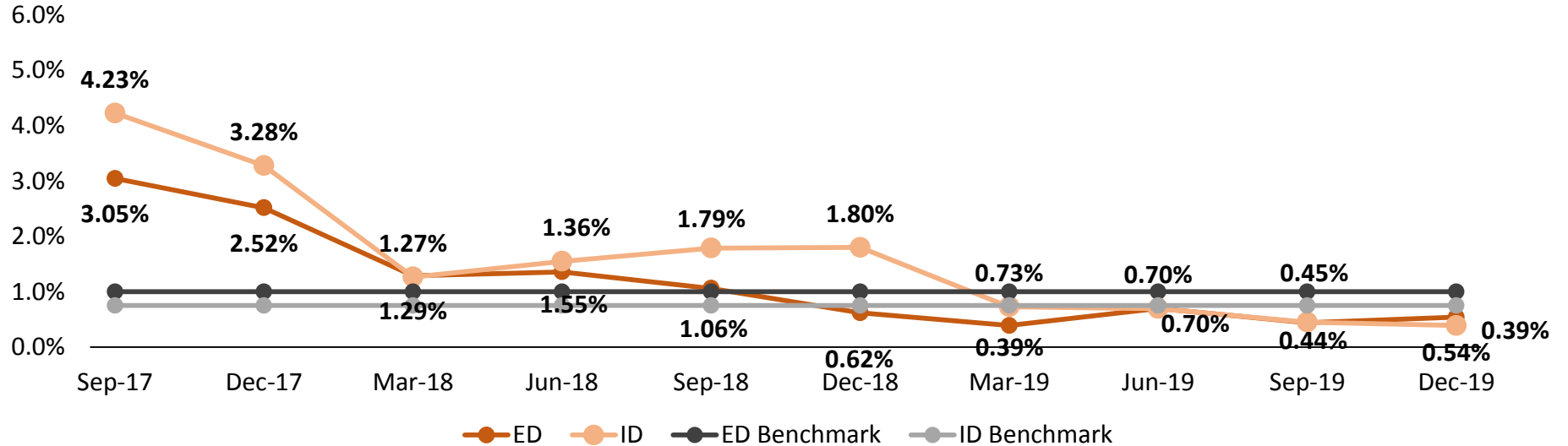


- **Focused deep market penetration** in 103 locations across 19 states using unit model implementation
- Well-balanced national scale portfolio with minimal concentration risks
- Unique affordable finance company having national presence

## Customer Mix (Q3 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 – Q3 FY20

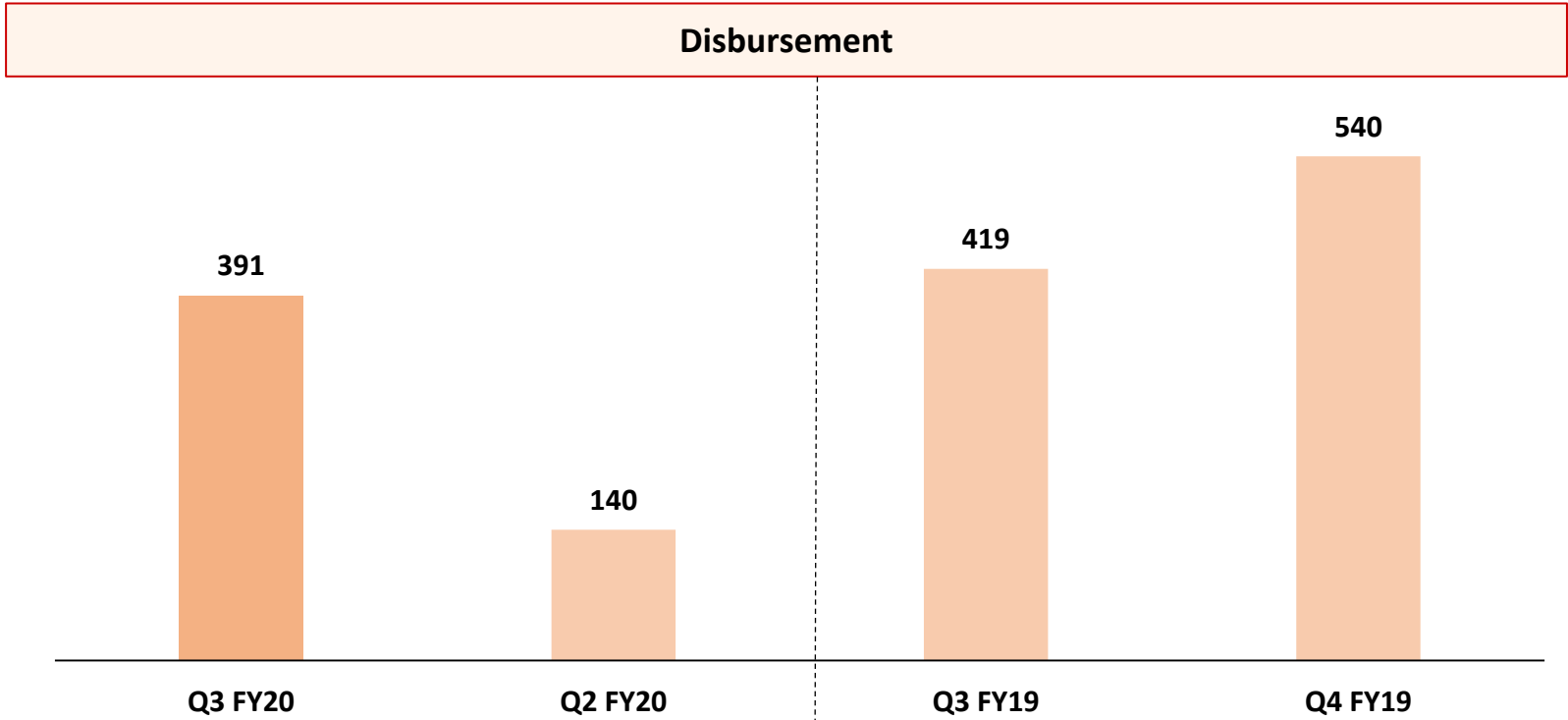
3 **Business Strategy – SME and Others**

4 Business enablers to drive sustainable growth

5 Leadership Team & Shareholding Structure

6 Annexures

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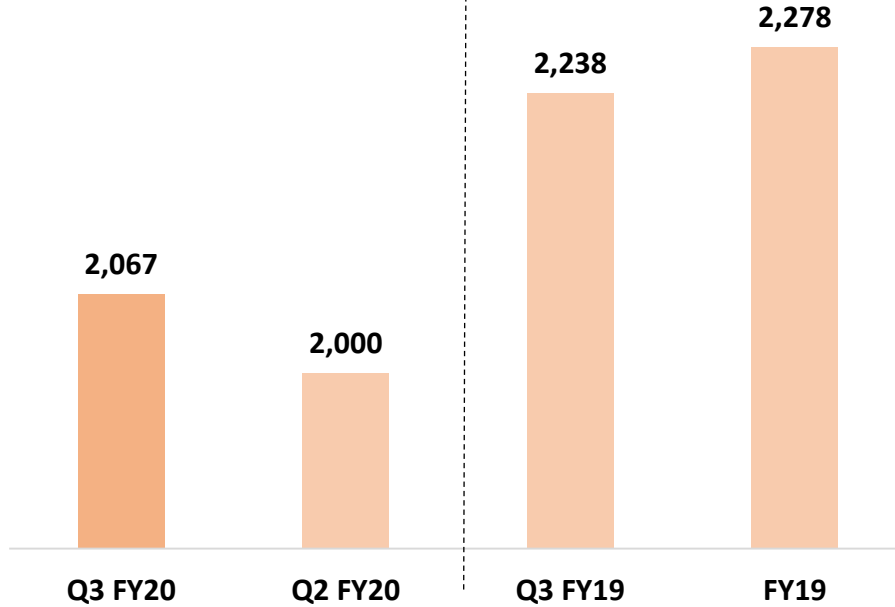
“Mscore” SME Credit Scorecard launched pan India across 80+ branches

60% of logins following Straight-Through-Processing

SME Product bouquet enhanced with GST Product launch

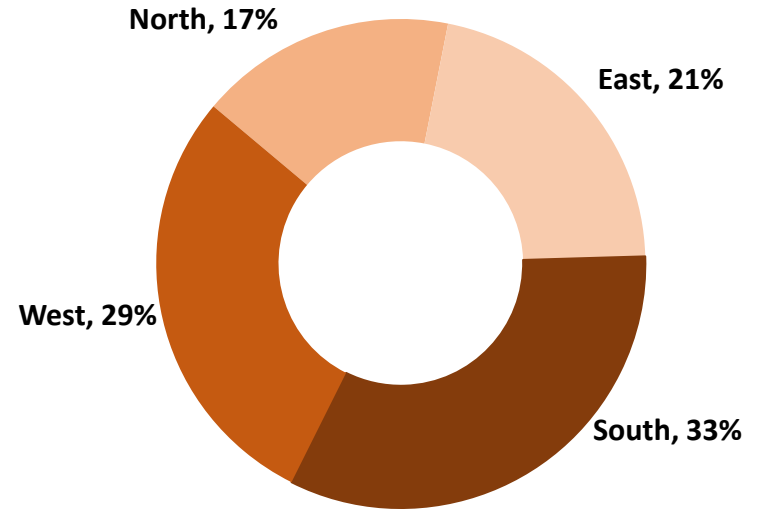
Focus on high quality assets in current conditions of Stretched Working Capital cycles

## AUM Growth



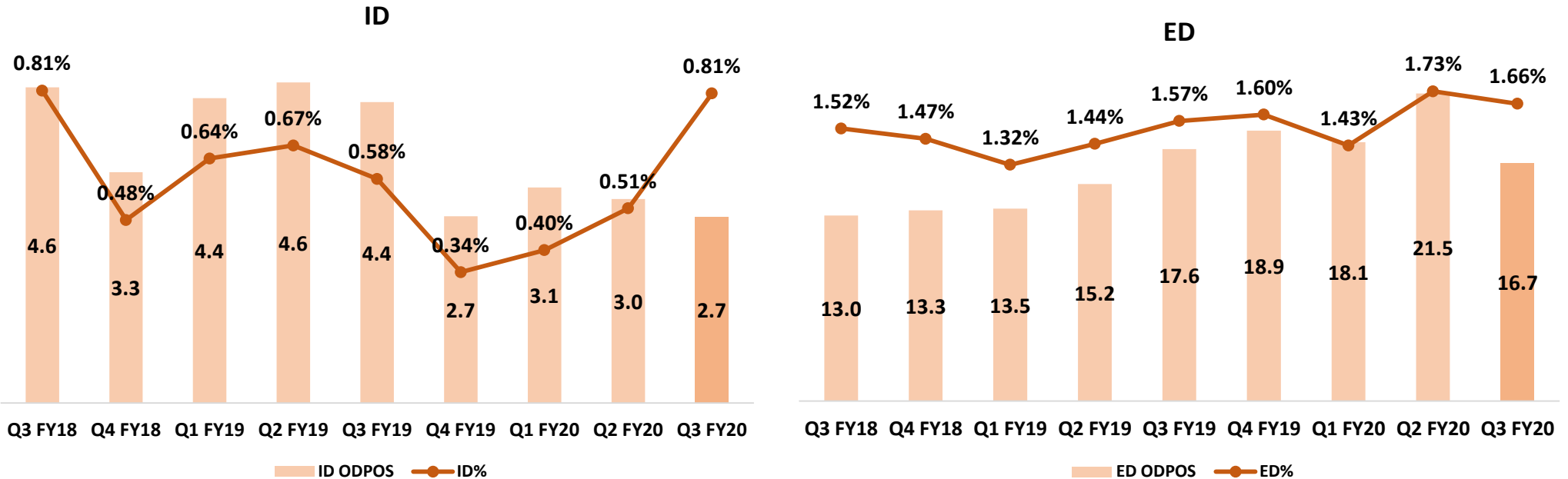
Prudence adopted in unsecured SME business given tough macro conditions

## Geographical Diversification



Geographically well diversified portfolio as on Dec'19

## ID & ED Trend for SME Finance



ID is trending higher albeit drop in absolute values across multiple quarters  
 ED remains range bound

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.  
 Values in Rs crore

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30.5% growth in GDPI for Q3FY20 vs industry growth of 13.1%

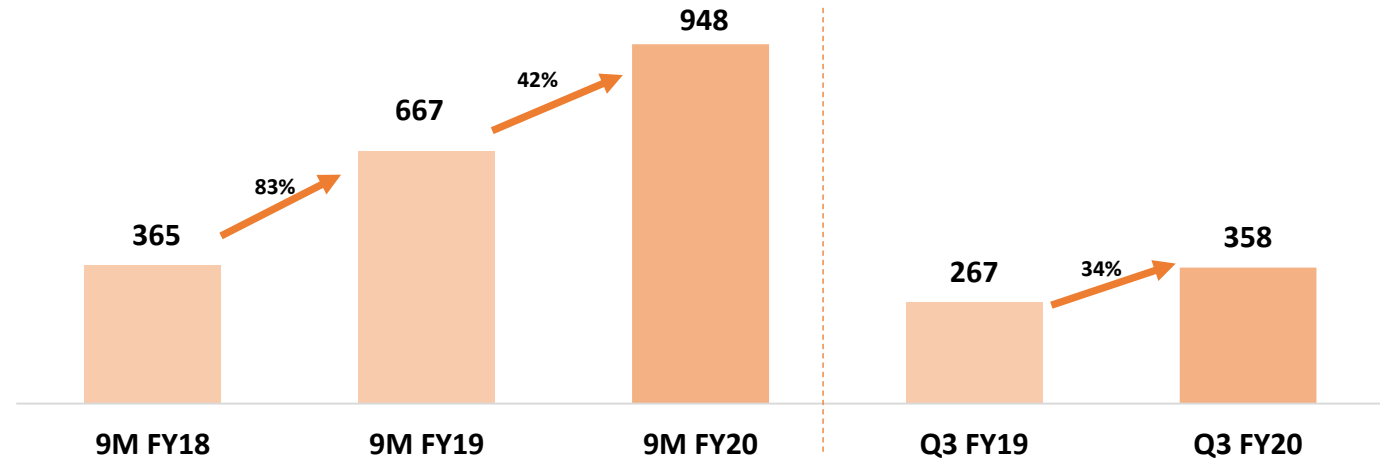
Commenced business with new OEM tie-up and integration is under process for one of OEM

Bancassurance growth driven on the back of penetration of existing and new relationships; albeit on low base

Innovation & cost rationalisation continues: Real time claims processing

Branch expansion – branch strength of 169 as at Q3FY20 against 154 as at Q3FY19

## Gross Written Premium

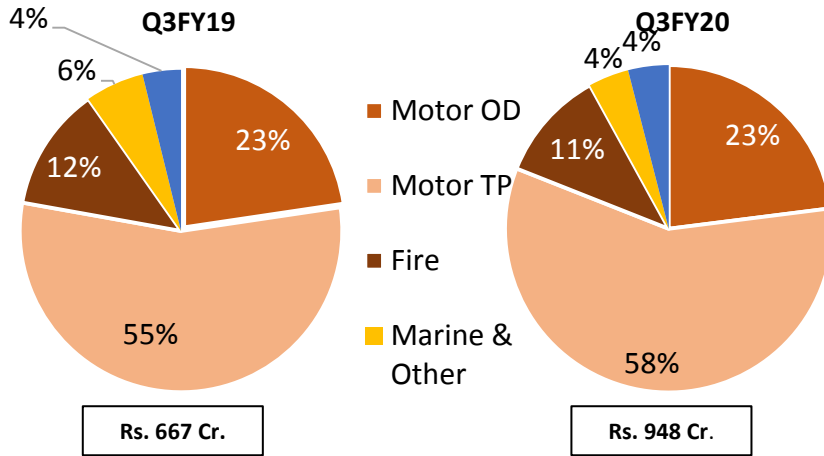


- **Business growth** : 34.2% GWPI growth Y-o-Y
- **OEM tie-ups** contributed 21% of GWP for Q3FY20, 19% for 9mFY20
- **Banca tie-ups** contributed 4.3% of GWP for Q3FY20 with growth @110% over Q3FY19
- **Health** : new initiatives contributed Rs. 5.8 crs Health GWP for Q3FY20 with growth @450%~ for 9mFY20
- **E-sales** : digital channel contributed Rs. 4.1 crs GWP for Q3FY20 highest till date ~ growth @ 200%~ for 9mFY20

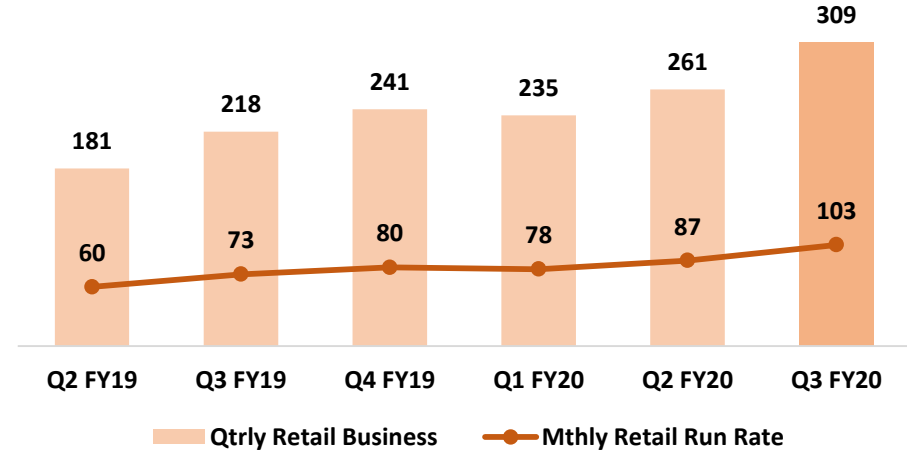


# Magma HDI General Insurance: Portfolio

## Portfolio Construct



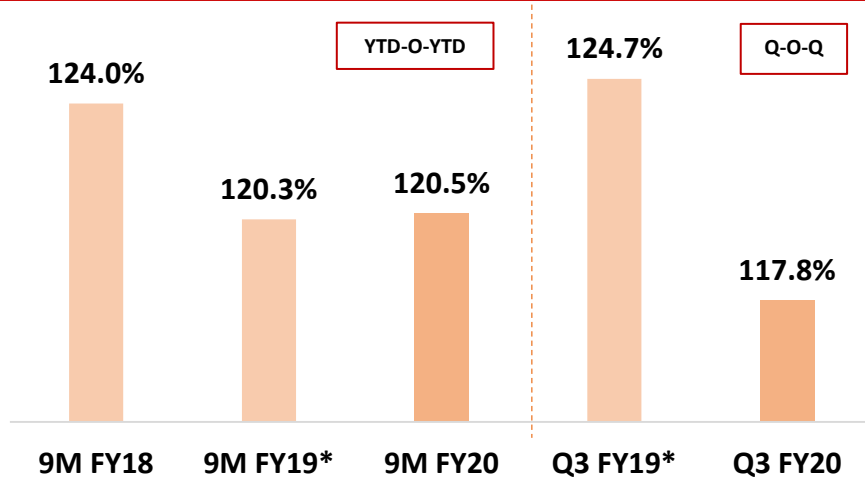
## Retail Run Rate



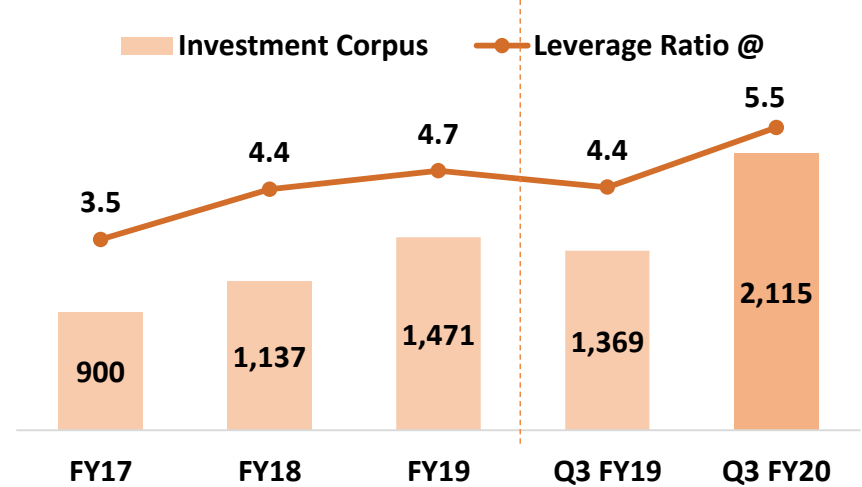
- **Motor Portfolio:** Continue to enjoy one of the lowest Own Damage loss ratio in the industry\*. Within motor, diversified portfolio across vehicle categories with geographical diversification
- **Health & Accident Portfolio:** New initiatives like dedicated agency health channel, branch cross sell to walk-in customers, telesales to existing customer database, attachment on all underlying credit portfolios resulting in 41% growth in GWP for Q3FY20
- 42% increase in monthly run rate from Q3FY19 to Q3FY20; 86% of the portfolio for Q3FY20 is retail (85% YTD), in line with the objective to grow the retail franchise

\*As per IRDAI Q2 FY20 quarterly public disclosures

## Combined Ratio Movement



## Investment Book & Leverage ratio



- Improvement in combined ratio (CoR) in Q3FY20
  - 117.8% as compared to 124.7% in Q3FY19 (normalized) and 121.1% in Q2FY20
  - Improvement in Q3 over Q2 largely driven by improvement in the expense ratio (45.3% to 40.7%)
  - Improvement in Q3FY 20 over Q3FY19 driven by improvement in the loss ratio (90.4% to 86.6%)
  - The CoR for the nine month period is largely flat (very marginal deterioration)
- Investment carrying yield as at Q3FY20 stands at 7.44%
- Solvency for the company stands at 1.58 times as against 1.50 times required by IRDAI

Values in Rs crore

\* - Normalised, @ - Closing Investment corpus by closing capital

# Magma HDI General Insurance: Profit & Loss Statement

Ind AS						
Particulars	Q3 FY20	Q3 FY19	Q2 FY20	9M FY20	9M FY19	FY19
Gross Written Premium	358.3	267.0	300.3	948.5	667.3	1,025.8
Net Written Premium	227.4	153.8	195.6	589.8	292.8	516.9
<b>Net Earned Premium</b>	<b>180.9</b>	<b>133.6</b>	<b>169.2</b>	<b>514.4</b>	<b>196.7</b>	<b>384.9</b>
Net Claims Incurred	156.6	112.1	143.8	435.3	106.2	272.0
Net Commission	(21.6)	(17.1)	(18.0)	(50.8)	(14.4)	(28.9)
Management Expenses	93.3	70.8	89.8	265.5	171.6	247.4
Impairment loss	0.1	(0.0)	7.6	7.7	2.1	10.4
<b>Underwriting Profit</b>	<b>(47.5)</b>	<b>(32.1)</b>	<b>(54.1)</b>	<b>(143.2)</b>	<b>(68.7)</b>	<b>(115.9)</b>
Investment & Other Income	52.4	26.4	62.3	152.9	74.0	107.4
<b>Profit Before Tax</b>	<b>4.8</b>	<b>(5.7)</b>	<b>8.2</b>	<b>9.7</b>	<b>5.3</b>	<b>(8.4)</b>
Taxes	0.1	0.0	0.0	0.9	(0.0)	(9.7)
(-)Current Taxes (including MAT Credit)	(0.1)	(4.8)	0.0	(0.1)	19.7	8.7
(-)Deferred Taxes	0.2	4.9	0.0	1.0	(19.7)	(18.4)
<b>Profit After Tax</b>	<b>4.8</b>	<b>(5.8)</b>	<b>8.2</b>	<b>8.8</b>	<b>5.3</b>	<b>1.3</b>

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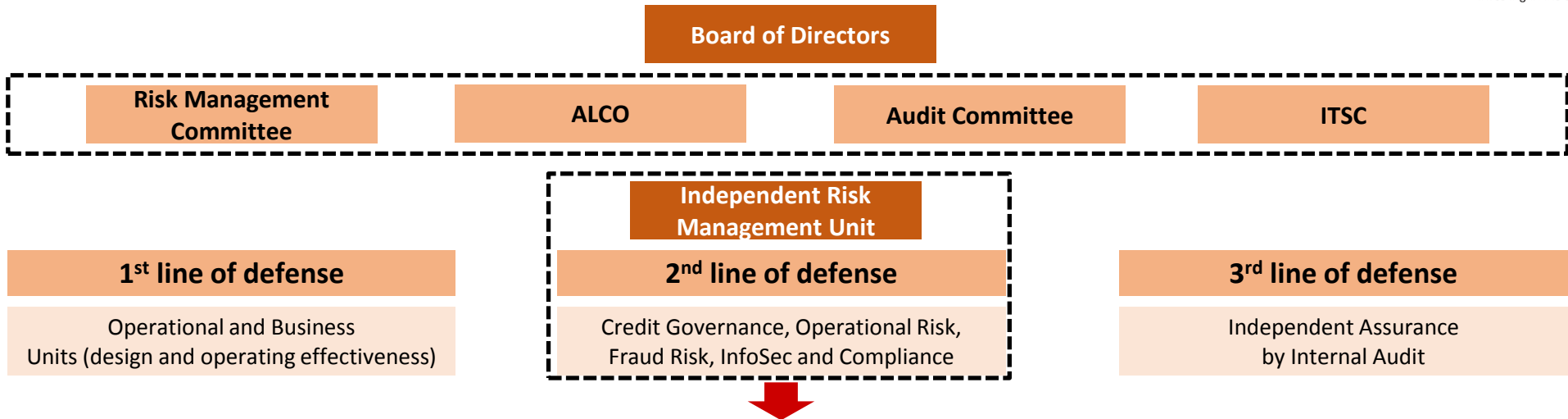
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# Enterprise wide, independent risk management framework

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
- Empowering business leaders with structured **Performance Review Program** to have a review rigor among teams

- Healthy trends observed in **Net Promoter Score** survey which is the **leading** indicator of **customer loyalty**.
- Asset Finance business has an **extremely healthy NPS score** in the range of **40 – 45** which is one of the best in the industry.
- In order to strengthen the **Customer Centricity Culture**, FOs rating process has been implemented.
- **Structured customer engagement program underway** - Welcome calling to customers, Proactive connect to prevent complaints etc.
- **37% reduction** in ABF customer complaints received from regulatory authorities between FY20 YTD vs FY19 YTD.
- Real time triggers for sales through credit bureau tie up being used to enhance cross sell performance.
- **140% increase in value** and **144% increase in units** for cross sell disbursements in Q3 FY20 vs Q3 FY19.



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## 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>Sunil Chandiramani</b> <i>Non-Executive Independent Director</i></p>	<p>He is a Management Consultant &amp; CEO of NYKA Advisory Services. Earlier, he was associated with Ernst &amp; Young LLP in various capacities for 25 years. He is on the board of various Indian corporates as an Independent Director</p>
--	--

<p><b>VK Viswanathan</b> <i>Independent Director</i></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><b>Bontha Prasad Rao</b> <i>Non-Executive Independent Director</i></p>
---

Mr Rao has served as the Chairman and Managing Director of Bharat Heavy Electricals Limited. He is currently the Managing Director of Steag Energy Services India, subsidiary of Steag Energy Services Germany

# Management Team



**Sanjay Chamria**  
VC and MD

## Business CEO / Functions

## Support Functions



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



**Rajive Kumaraswami**  
MD & CEO -MHDI



**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.

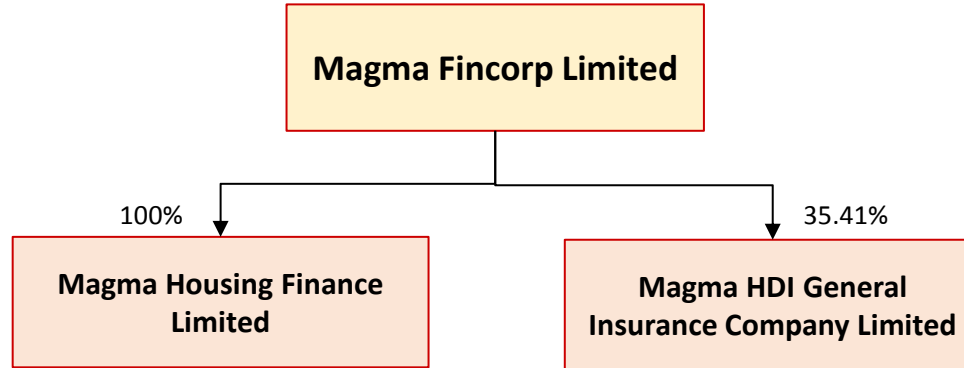
**Oct-2011**

CEO,  
Century Extrusions  
Limited

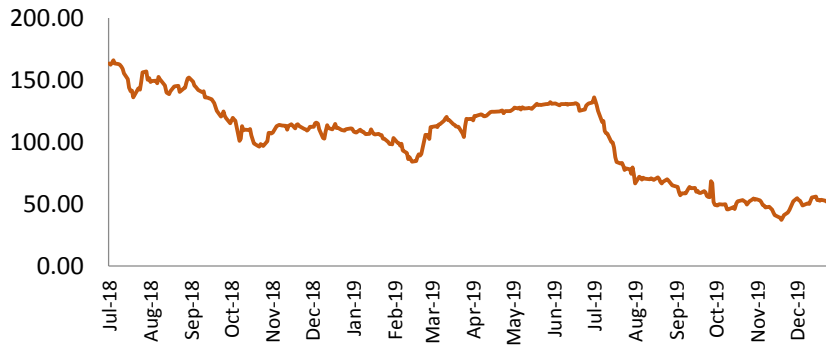
Kaushik Banerjee has stepped down from CEO – ABF Business, and continues as Advisor – ABF business

**Joined**

Title and Previous Company

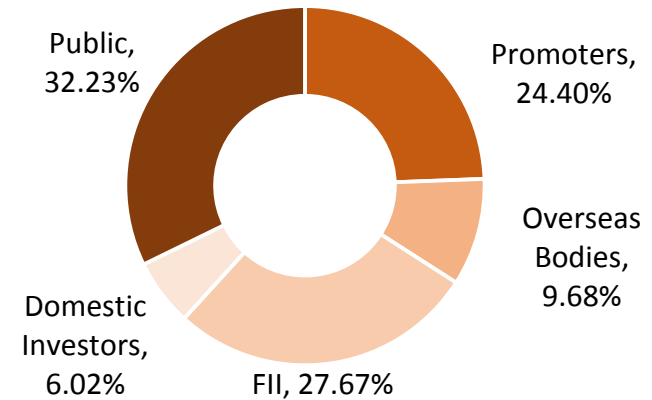


## Share Price Performance



Average share price data from NSE

## Shareholding (31-Dec-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
GWP	Gross Written Premium
GDPI	Gross Direct Premium Income

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

Particulars	Q3 FY20	Q2 FY20	Q3 FY19	9MFY20	9MFY19	FY19
Net Revenue	271	290	311	846	954	1,267
Expenses	148	150	155	448	457	602
<b>Operating Profit</b>	124	140	157	398	498	665
Net Credit Loss	117	122	51	363	220	262
<b>Profit Before Tax</b>	7	18	105	35	277	403
Tax	1	6	39	10	89	128
<b>Profit After Tax</b>	5	12	67	25	189	275



# Magma Fincorp Ltd. (MFL) Standalone Balance Sheet

Particulars	31-Dec-19	31-Dec-18	31-Mar-19
Cash and Cash Equivalents	1,133	463	933
Loans and Advances	11,866	12,545	13,149
Other Assets	837	717	722
Fixed Assets	185	183	187
<b>Total Assets</b>	<b>14,021</b>	<b>13,908</b>	<b>14,991</b>
Borrowings	10,726	10,869	11,828
Other Liabilities	744	570	607
Share Capital	54	54	54
Reserves & Surplus	2,497	2,415	2,502
<b>Total Liabilities</b>	<b>14,021</b>	<b>13,908</b>	<b>14,991</b>

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

Particulars	Q3 FY20	Q2 FY20	Q3 FY19	9MFY20	9MFY19	FY19
Net Revenue	50	45	36	141	98	132
Expenses	26	25	20	78	56	82
<b>Operating Profit</b>	25	20	15	63	42	50
Net Credit Loss	4	0	1	9	4	3
<b>Profit Before Tax</b>	21	20	14	55	38	47
Tax	6	6	4	15	10	13
<b>Profit After Tax</b>	15	14	10	39	28	34



## Corporate Social Responsibility

Magma has received 13 awards since 2015 for the various CSR activities covering Education, Health and Environment Sustainability.

The latest recognition was received in November 2019 from UBS Forums – for 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 11 awards for Corporate Communications from leading forums. The recent ones are:

The latest recognition was received in November 2019 from **League of American Communications Professionals (LACP) Spotlight Awards**, for Annual Report Design



## 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 400 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



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