

14 August 2021

The Manager,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051

Symbol: POONAWALLA

BSE Limited
Corporate Relationship Department,
25th floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

Company Code: 524000

Dear Sir,

Subject: Press Release in respect of Unaudited Financial Results for the quarter ended 30 June 2021.

Reference: Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

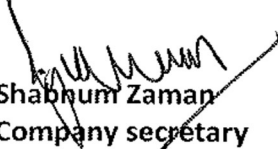
Enclosed herewith please find the Press Release on the Performance of the Company for the quarter ended 30 June 2021.

This is for your information and record.

Thanking you,

Yours faithfully,

For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)


Shabnum Zaman
Company secretary

ACS: 13198

Encl: A/a

Press Release

Poonawalla Fincorp Q1 FY22 Profit before Tax up 72% to ₹ 81 Cr YoY; Collections inching towards Pre-COVID levels

Pune, August 14, 2021: The Board of Directors of Poonawalla Fincorp Limited (PFL), today announced its un-audited results for the quarter ended June 30, 2021 (Q1FY22). On a consolidated basis, the Company's profit before tax (PBT) for Q1FY22 was ₹ 81 crore and Assets under Management (AUM) stood at ₹ 14,424 crore.

Performance Highlights (Consolidated)

- AUM remained flat at ₹ 14,424 crore on QoQ basis due to COVID-19 restrictions across the country
- Q1FY22 NIM increased by 107 bps to 7.92% in Q1FY22 from 6.85% in Q1FY21
- Consolidated PBT increased by 72% to ₹ 81 crore in Q1FY22 from ₹ 47 crore in Q1FY21
- RoA increased to 1.80% in Q1FY22 from 0.90% in Q1FY21
- Capital Adequacy Ratio (CAR) increased to 57.8% in Jun'21 from 20.3% in Mar'21

Collections

At a consolidated level, the collections which dipped to 84% in Apr'21 and fallen further to 80% in May'21 owing to COVID-19 restrictions across the country, recovered to 93% in Jun'21 and have further improved to 98% in Jul'21.

Asset Quality

Gross Stage 3 and Net Stage 3 have reduced from 5.8% and 3.7% as at Q1FY21 to 5.4% and 2.7% as at Q1FY22 respectively on a consolidated basis. The Company has one of the best provision coverage ratios across all three stages. Standard asset coverage ratio stands at 4.5% vs 2.5% in Jun'20; Stage 3 asset coverage ratio stands at 51.0% vs 36.3% in Jun'20.

The Company has continued the process of risk assessment on its credit exposures as of 30th June 2021, and accordingly, in addition to the model determined Expected Credit Loss (ECL) provision, it carries a management overlay of ₹ 283 crore (2.0% of AUM) against any future potential impact of COVID-19, which in management assessment is adequate to cover the impact of COVID-19 wave 3 on the consolidated loan portfolio.

Poonawalla Fincorp Limited
(Formerly known as Magma Fincorp Limited)
CIN: L51504WB1978PLC031813

Corporate Office: 601, 6th Floor, Zero One IT Park, Sr. No. 79/1, Ghorpadi, Mundhwa Road, Pune - 411036 **T:** +91 020 67808090
Registered office: Development House, 24 Park Street, Kolkata - 700016 **T:** +91 033 44017350
E: info@poonawallafincorp.com | **W:** www.poonawallafincorp.com

Liquidity and Cost of Borrowings

The Company continues to maintain a strong liquidity position with around ₹ 3,238 crore of surplus liquidity, apart from undrawn sanctions in hand of ₹ 625 crore. Repricing of existing borrowings is underway and is expected to bring significant cost savings over the next few quarters. Currently the company is doing its incremental borrowings at sub 7%.

Capital Infusion and Rebranding

After the capital infusion of ₹ 3,456 crore in May'21, rebranding of *Magma* to **Poonawalla** has been completed. W.e.f. July 22, 2021, Magma Fincorp Limited has been renamed to **Poonawalla Fincorp Limited** and the Company's subsidiary, Magma Housing Finance Limited has been renamed to **Poonawalla Housing Finance Limited**. Consequently, PFL has become a subsidiary of Rising Sun Holdings Private Limited (RSHPL) and PHFL a step-down subsidiary of RSHPL.

With the infusion of capital, the Company's Capital Adequacy ratio increased to 57.8% in Jun'21 from 20.3% in Mar'21 and leverage fell to 1.3x in Jun'21 from 4.8x in Mar'21.

Strengthening of Leadership Team

The company has undertaken strengthening of its leadership team as a part of the transformation exercise. It has roped in various industry leaders through a string of top executive hirings across the functions. This is in line with company philosophy of making it a professionally run organization with a strong governance culture. The company continues to invest in building the top leadership team along with a strong middle management team to build a robust execution focus.

Technology and Digital Initiatives

The company has undertaken a complete transformation of the technology infrastructure with implementation of state-of-the-art Unified Loan Origination System (LOS), Loan Management System (LMS) and Customer Relationship Management (CRM) platforms. The company is moving its technology to a cloud-based infrastructure to ensure scalability. It has launched its new website with online integration to its CRM platform, in its endeavor to do an end-to-end digitization of customers journeys. With this the customer journeys for Loans to Professionals and Personal Loans are 100% digitized with a paperless and no physical touch point process. The process of digitization for other products is already underway. With the objective of providing best in class customer service the company has invested in building an inhouse contact center which is already operational and scaling up rapidly. The latest dialer technology, IVR systems and seamless CRM integrations with other

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core systems is at the core of this solution. Apart from this an organization wide digitization and automation drive is underway to further improve the operational efficiencies.

Revised Product Focus

Pursuant to the capital infusion and rebranding of the Company, Personal loans and Loans to Professionals have been added to the Company's product suite. The company will continue to build its franchise of pre-owned cars, business loans and affordable housing.

The Company plans to launch new products like medical equipment and SME LAP by end of Q2FY22. In Q3 company plans to launch small ticket LAP, Merchant cash advance, co-branded credit card and machinery loan while in Q4FY22 company plans to launch consumer durable, EMI Card, supply chain finance and co-lending. In line with the focus on consumer and small business segment, new products are being calibrated for market dynamics and will be launched at opportune time.

Commenting on Poonawalla Fincorp's performance, **CA Abhay Bhutada, Managing Director, Poonawalla Fincorp Limited** said "We are on our way to build a strong franchise based on conservative and calibrated approach to risk management and asset quality. As the collection efficiencies show signs of improvement, we are looking at the markets with cautious optimism and are well prepared and positioned to tap into the same. Our investments in building a strong leadership team, implementing best in class technology for a digital first approach along with customer centric approach are the strong roots of our growth journey ahead."

About Poonawalla Fincorp Limited

Poonawalla Fincorp Limited (Formerly known as Magma Fincorp Limited) is a non-deposit taking systemically important non-banking finance Company (ND-SI-NBFC), registered with the Reserve Bank of India (RBI). The Company started operations nearly three decades back and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange in India (NSE). Consequent to the capital raise of Rs 3,456 Crore in May'21, the Company is now part of Poonawalla Group with majority stake owned by Rising Sun Holdings Private Limited, a company owned and controlled by Mr. Adar Poonawalla.

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The Company's new identity "P" stands for **Passion, Principles, Purpose, People and Possibilities**. Poonawalla Fincorp Limited ("PFL") has a widespread coverage with 296 branches across 21 States and a loan book of more than Rs. 14,000 crores. The Company offers a bouquet of financial products including Loans to Professionals, Business Loans, Personal Loans, Pre-Owned car loans, Mortgage finance and general insurance.

For more information, please log on to: www.poonawallafincorp.com

For media queries contact:

Poonawalla Fincorp Limited	AdFactors PR Private Limited
Amarjeet Kaur	Darshan Mankad
Email: amarjeet.kaur@poonawallafincorp.com	Email: darshan.mankad@adfactorspr.com
Mobile: +91-9820442167	Mobile: +91-9099947434

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