

November 2, 2021

**BSE Limited**

Corporate Relationship Department  
25th Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001.

**BSE Scrip Code: 524000**

**National Stock Exchange of India Limited**

The Listing Department,  
Exchange Plaza,  
Bandra- Kurla Complex, Bandra (East),  
Mumbai - 400 051.

**NSE Symbol: POONAWALLA**

Dear Sir / Madam,

**Subject: Press Release in respect of Proposed divestment of stake in Magma HDI General Insurance Company Limited, Joint Venture of the Company.**

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

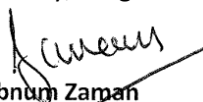
Enclosed herewith please find the Press Release and presentation to be made to the Investors/ Analysts on the Proposed divestment of stake in Magma HDI General Insurance Company Limited, Joint Venture of the Company.

The presentation is also being uploaded on the website of the Company at the URL <https://www.poonawallafincorp.com/investor.php#financial-result> in accordance with Regulation 46 of the Listing Regulations.

This is for your information and record.

**Thanking You,  
Yours faithfully,**

**For Poonawalla Fincorp Limited**  
(Formerly, Magma Fincorp Limited)



Shabnum Zaman

**Company Secretary**  
**ACS: 13918**

**Encl:A/a**

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

**Corporate Office:** 601, 6<sup>th</sup> 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

## Proposed divestment of stake in Magma HDI General Insurance

**Mumbai, 2 November 2021:** Poonawalla Fincorp Limited (“PFL”) is a joint venture partner in Magma HDI General Insurance Limited (“Magma HDI”), a general insurance company registered with Insurance Regulatory and Development Authority of India (IRDAI). The other joint venture partners of Magma HDI include Celica Developers, Jaguar Advisory and HDI Global SE.

IRDAI “Registration of Insurance Companies Regulations” stipulate that a promoter of an insurance company cannot be a subsidiary of another company. Post the acquisition of PFL by Rising Sun Holdings Private Limited (“RSH”) in May 2021 PFL has become a subsidiary of RSH. Accordingly, IRDAI has sought compliance from Magma HDI regarding its shareholding structure.

The Board of Directors having evaluated alternative options, and with a view to remain compliant with Regulatory requirements of Reserve Bank of India and IRDAI, has approved divestment of the Company’s direct and indirect shareholding in Magma HDI.

Sanoti Properties LLP, which is held by Mr Adar Poonawalla and Serum Institute of India Private Limited; has agreed to acquire the direct and indirect stake of the Company in Magma HDI. This structure is in line with other financial services groups with NBFC and general insurance operations and will also allow a framework for continued business relationship between PFL and Magma HDI.

As part of the divestment, PFL will also divest its of 48.89% shareholding in Jaguar Advisory, which consequent to the above transaction of divestment in MHDHI shares will own only cash and cash equivalent, to Celica Developers, the joint venture partner in Jaguar Advisory.

In addition to complying with the sector Regulators requirements, the divestment is in line with PFL’s strategy to focus on the core lending business. By monetising the investment in Magma HDI, the Company will have full capital allocation to its core lending businesses. The proposed transactions will result in a pre-tax profit of Rs. 351.85 crores for PFL and sale of stake will result in an effective increase in Tier 1 capital adequacy ratio from 52.2% to 56.1% .

The valuation for the transaction is proposed to be at a post-money valuation of Rs 1,500 crore for Magma HDI (including the proposed equity issuance of Rs 250 crore by Magma HDI announced in March 2021, presently awaiting Regulatory approvals). Magma HDI has received a valuation report for the same from Corporate Professionals Valuation Services Private Limited, Registered Independent Valuer and PFL has a received a fairness opinion on the same from Ernst & Young Merchant Banking Services LLP . Wadia Ghandy & Co is acting as the legal advisor to PFL.

The proposed transaction is subject to the approval of the minority shareholders of PFL, and Regulatory approvals including from IRDAI and the Competition Commission of India.

Commenting on the proposed transaction, Mr Vijay Deshwal, Group CEO Poonawalla Fincorp said “With a view to remain compliant with the sector regulator’s requirements and the vision to create a high RoE business, Poonawalla Fincorp had decided to exit its shareholding in Magma HDI. The monetisation of our stake in Magma HDI reinforces our strategic intent to allocate capital to our core lending business. We shall continue to derive synergies of the group companies and strengthen our business relationship with Magma HDI to generate fee income through effective cross sell of insurance products for our customers.”



### **About Poonawalla Fincorp**

Poonawalla Fincorp Limited (earlier known as Magma Fincorp Limited) is a Cyrus Poonawalla group promoted NBFC-ND-SI that focuses on consumer and small business financing. The Company started operations nearly three decades back and is listed on the Bombay Stock Exchange and the National Stock Exchange in India.

The Company's financial services offerings include pre-owned car finance, personal loans, loan to professionals, business loans, SME LAP, affordable home loans and general insurance. The Company has AUM of ₹15,275 crore and employs more than 7,000 people. The Company operates through 285 branches across 21 states, focusing on the urban and semi-urban geographies.

### **About Cyrus Poonawalla Group**

The Cyrus Poonawalla Group of Companies, headquartered in Pune, are a diversified group with business interests that include Pharmaceuticals & Biotechnology, Financial Services, Clean Energy, Hospitality & Realty and Aviation. Serum Institute of India Private Limited, the group's flagship company, is the world's largest manufacturer of vaccines, supplying to Indian as well as global markets.

For more information, please log on to: [www.poonawallafincorp.com](http://www.poonawallafincorp.com)

### **For media queries contact:**

Poonawalla Fincorp Limited	AdFactors PR Private Limited
Amarjeet Kaur	Darshan Mankad
Email: <a href="mailto:amarjeet.kaur@poonawallafincorp.com">amarjeet.kaur@poonawallafincorp.com</a>	Email: <a href="mailto:darshan.mankad@adfactorspr.com">darshan.mankad@adfactorspr.com</a>

# Poonawalla Fincorp Limited

(Formerly known as Magma Fincorp Limited)

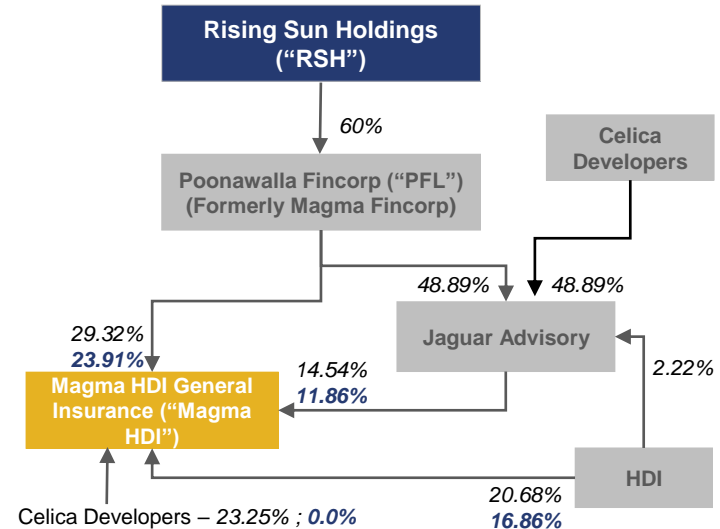
Media Release

2 November 2021

# Proposed sale of stake in Magma HDI General Insurance Limited

# Background of Insurance JV

- Magma HDI General Insurance Co. Ltd. (“**Magma HDI**”) was set up as a JV between Poonawalla Fincorp Limited (“PFL”), Celica Developers, Jaguar Advisory & HDI Global SE
- On March 17<sup>th</sup>, 2021 Magma HDI entered a transaction to raise primary capital and give part exit to Celica Developers through funds from ICICI Ventures, Morgan Stanley PE, and others (subject to Regulatory and other approvals)
  - Transaction valued Magma HDI at Rs 1,200 crore pre money (implying post money Rs 1,450 crore)
- Transaction structure envisaged to enable PFL to comply with the RBI guidelines requiring maximum 50% ownership by an NBFC and its Promoter Group in an insurance company



Celica Developers – 23.25% ; **0.0%**  
 Serum Institute – 9.9% ; **8.07%**  
 Cyza – 0% ; **5.82%**  
 ICICI Ventures – n.a. ; **16.55%**  
 Morgan Stanley PE – n.a. ; **9.87%**  
 Employees – 2.31% ; **3.10%**  
 Other Family offices – 0.0% ; **3.96%**

*Current shareholding*  
**Shareholding post completion of proposed primary fund raise by Magma HDI and secondary sale by Celica (on a fully diluted basis)**

# Regulatory requirements

---

- In May 2021, consequent to Rising Sun Holdings Private Limited (“RSH”) acquiring 60% of PFL, PFL has become a subsidiary of RSH
  - Insurance Regulatory and Development Authority (“**IRDAI**”) Registration of Insurance Companies Regulations require that an Indian Promoter of an Insurance company cannot be a subsidiary
  - IRDAI has written to Magma HDI seeking compliance on its shareholding structure
- Due to change in the shareholding structure of PFL, there is a need to restructure the shareholding of Magma HDI to comply with IRDAI and RBI Regulations

# Proposed Shareholding Structure

## Overview

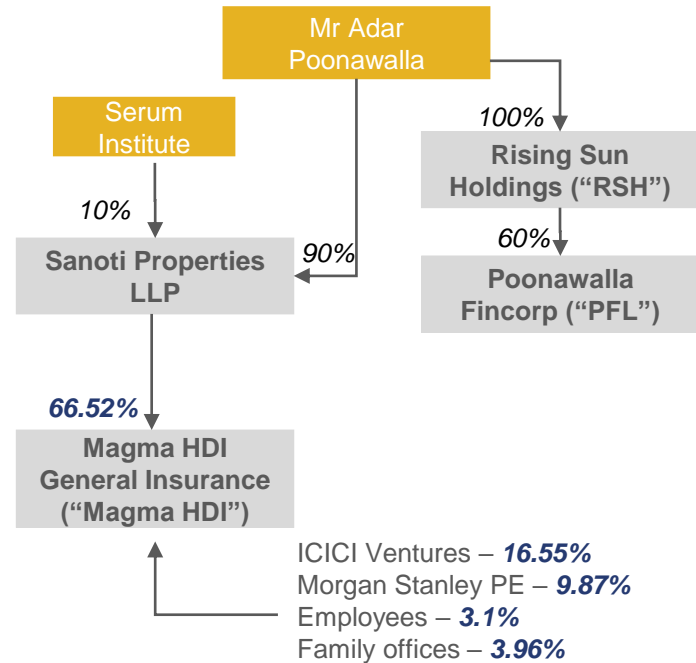
- PFL will sell its direct and indirect shareholding in Magma HDI to Sanoti Properties LLP, an entity owned by Promoter group of PFL

## Advantages

- Structure addresses Regulatory issues
- Proposed structure will be in line with peers having NBFC and Insurance companies in the same group
- PFL to continue distribution of insurance products earning fee income & free up capital to be deployed at a better RoE

## Considerations

- Transfer of stake to Promoter entity will need approval of shareholders



*Resultant shareholding structure on completion of entire transaction of primary capital raise and consolidation of promoter shareholding (on a fully diluted basis)*



# Valuation Consideration

---

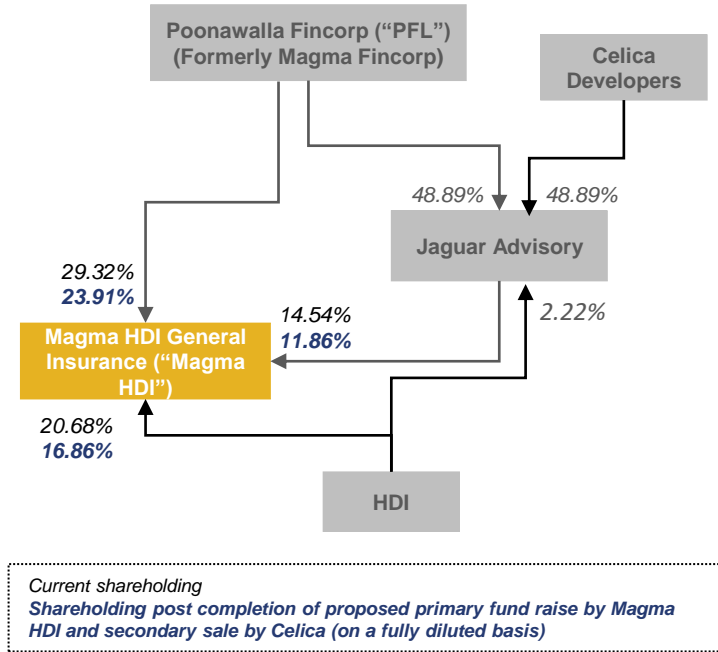


- Independent valuation from Corporate Professionals Valuation Services Private Limited, Registered Valuer
- Proposed valuation is higher than the preferential allotment price being paid by ICICI Ventures and Morgan Stanley Private Equity; which is awaiting Regulatory approvals
- Original promoters of Magma HDI exiting at same valuation (i.e. INR 1,500 crore, including the proposed equity infusion of Rs 250 crore in Magma HDI)
- Fairness opinion from Ernst & Young Merchant Banking Services LLP

# Sale of PFL shareholding in Jaguar Advisory

# Background

- Jaguar Advisory is an entity held 48.89% by PFL, 48.89% by Celica Developers and 2.22% by HDI Global
- Jaguar Advisory presently holds 14.5% stake in Magma HDI & Redeemable Preference Shares of Microfirm Capital Pvt. Ltd.
- With the exit of both PFL and Jaguar Advisory from Magma HDI, the shareholding of PFL in Jaguar becomes non-core and it is proposed to exit by divesting the stake to Celica Developers, the JV partner in Jaguar Advisory
- Valuation for the same is driven by the net cash with Jaguar post divestment of Magma HDI Stake and the same has been determined by M/S Corporate Professionals; Independent Registered valuer
- Total consideration to be received by PFL from sale of stake of Jaguar is Rs 99.66 crore, which reflects the cash and cash equivalent of proportionate shareholding of PFL



**Overall impact to PFL :  
Sale of stake in Magma HDI and Jaguar  
Advisory**

# Pro-forma inflow for PFL



*Amount in Rs cr*

	<b>Gross inflow</b>	<b>Gross P&amp;L impact</b>
1. Sale of stake in Magma HDI	361.39	252.21
2. Sale of stake in Jaguar Advisory	99.66	99.64
<b>Total</b>	<b>461.05</b>	<b>351.85</b>

# Proposed transactions: Consideration for PFL



## Regulatory view

- Fully compliant shareholding structure both from RBI and IRDAI guidelines perspective

## Realignment of Capital

- Enables PFL to focus on its core lending business
- Free's up capital for profitable growth and avoids drag of initial losses in high growth phase of insurance business

## Upfront cash consideration

- This would entail an gross inflow of approximately Rs 461.05 crore to PFL
- MFL's holding cost of these shares is Rs 109.2 crore, resulting a in a pre-tax profit of Rs 351.85 crore

## Release of Tier 1 Capital

- As per the Capital Adequacy guidelines of The Reserve Bank of India, MFL's investment in Magma HDI is reduced from the net worth for the computation of Tier 1 capital
- Sale of stake will result in an effective increase in Tier 1 Capital from 52.2% to 56.1%

# Disclaimer



*This presentation has been prepared by Poonawalla 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 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.*

*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.*