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09 August 2020

Corporate Relationship Department
BSE Limited
25th 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-Revised

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

Dear Sir,

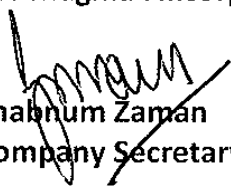
Further to our letter dated 09 August 2020, pleased find enclosed herewith the revised presentation to be made to the Investors/Analysts on the Unaudited Financial Results of the Company for the quarter ended 30 June 2020. The slides relating to AHF/SME section has been revised.

The revised 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/>

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 – Q1 FY21



MAGMA

Investing in the smallest dream



- 1 Company Overview
- 2 Financial Performance – Q1 FY21
- 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.

COMPANY OVERVIEW



Quick Snapshot



Company into 33rd year of retail Financing business

Strong management team with extensive industry experience



AUM¹ - ₹ 15,922 Crore
Evenly spread across India

North 37%, East 20%
West 18%, South 25%



Diversified product portfolio

Asset-backed finance (Cars, CV, CE, Used Assets, Agri Finance), SME Finance, Affordable Housing Finance and General Insurance



Strong technology platform systems & processes

Robust risk management framework



~ 4 million customers serviced since inception

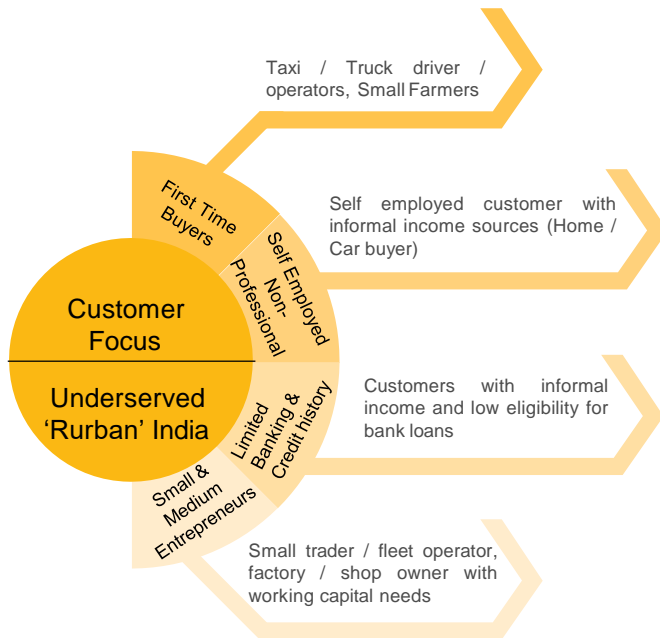
~ 2 million active customer



Pan India presence across 21 States

Provide Financing Solutions to Underbanked Customers in 'Rurban' India

Recognised and
Trusted Brand in
'Rurban' India



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 ¹		
	First Time Buyers	Self Employed Non Professionals	Small & Medium Entrepreneurs	Limited banking / credit history	Average Ticket Size (₹ lakh)	Average Loan to Value Ratio	Average Tenure (months)
ABF: Commercial Finance²	●	●	●	●	4-6	75-80%	40-45
ABF: Agri Finance³	●	●		●	3-4	65-70%	45-50
SME Finance⁴		●	●	●	17-20	NA	30-35
AHF: Affordable Housing Finance⁵	●	●	●	●	9-13	50-60%	150-180
General Insurance	●	●	●	●			

1. Numbers indicative of disbursements done during FY20

2. Commercial Finance includes trucks, construction equipment, cars, auto lease

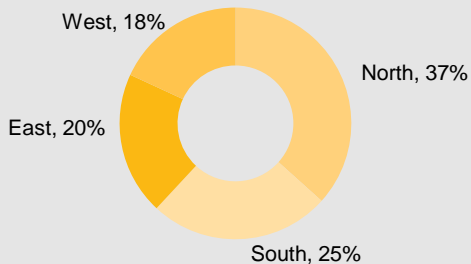
3. Agri Finance includes Tractors

4. SME Finance includes Unsecured Loans to Business Enterprises

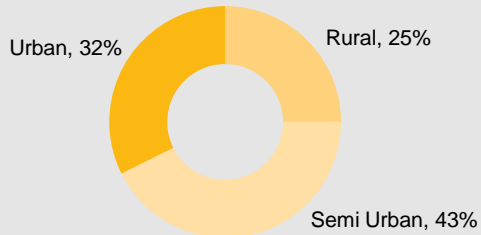
5. Affordable Housing Finance includes Home Loans and Loan against property

Well diversified portfolio across segment & geography

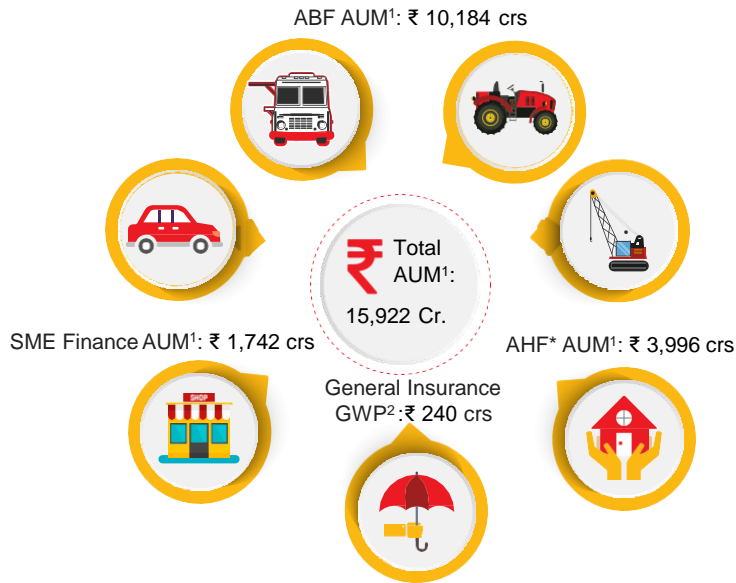
Zone-wise Breakup



Rural-Urban Breakup



Diverse Product Offerings



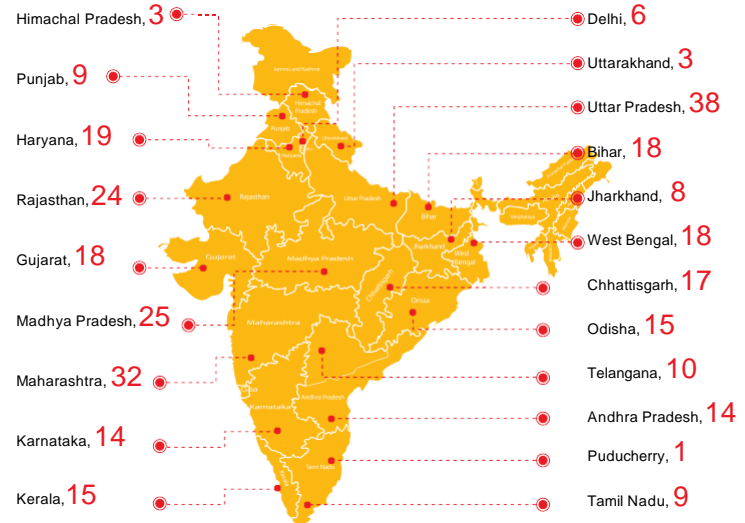
Extensive Pan India Network

Asset Light Branch Network

- ✓ Wide retail presence through hub and spoke model
- ✓ Digital footprint enables Field Executives to conduct business from channel/customer locations, leading to better sales productivity, deepens market coverage and improves channel and customer experience
- ✓ Strong customer engagement through large team of Field Executives
- ✓ Toll free Inbound/Outbound Customer Call Centre for servicing and cross sell

316 Branches as on 30-June-20

Wide retail presence through hub and spoke model



Magma Culture Code



INTEGRITY

Do the right thing



COLLABORATION

Invite ideas and inspiration
from all



RESPECT

Treat people
equally



Financial
Performance
- Q1 FY21

Executive Summary – Navigating through Covid-19

Our Strategy

- Focus on strengthening Balance Sheet through superior management of collections, control on operating expenses and building strong provision buffers.
- Product mix change towards focus products - contribution in AUM up to 69% in Q1 FY21 from 63% in Q1 FY20.
- 97% of receivables are either secured by collateral or have a sovereign guarantee cover.
- Well diversified retail portfolio with excellent geographic distribution.

Business

- Reinitiated retail disbursement with tightened underwriting norms and focus on existing customers.
- AUM (₹ 15,922 crs) largely flat on a QoQ basis on account of COVID-19 induced lockdown in various parts of the country.

Liquidity Management

- Cost of funds declines sequentially by 24 bps.
- Comfortable liquidity of ₹ 1,797 Crores (comfortable till December-20) with continued support from Banks by way of new facilities.
- Offered moratorium 2.0 to customers but did not avail moratorium on any borrowings.

Executive Summary – Navigating through Covid-19

Moratorium & Credit Loss Management

- Significant drop in customers under Moratorium in June-20 (45%) over May-20 (73%); further dropped to 40% in Jul-20
- COVID-19 provision increased to ₹ 148 crs i.e. 0.9% of AUM (ABF: 1.2%, AHF: 0.5%, SME: 0.4%).

Opex Management

- Opex lower by ₹ 41 crore (23%) YoY & ₹ 25 crore (16%) QoQ; opex to AUM at 3.4% in Q1 FY21.
- Sustainable Opex reduction due to cost optimization levers implemented to result in substantially lower opex than FY20; marginal increase from Q1 levels expected post business normalcy

Profitability and Balance Sheet strength

- NIM lower as a result of lower fee income on account of lockdown (partially compensated by lower opex) and no direct assignment income.
- PBT before COVID provision at ₹ 76 crore; after COVID provision at ₹ 44 crore.
- Standard asset provisioning increased to 2.5% against 2.0% in previous quarter; Healthy PCR of 36.3%.
- Strong Capital adequacy at 26.0% and Tier-1 capital at 23.8%.

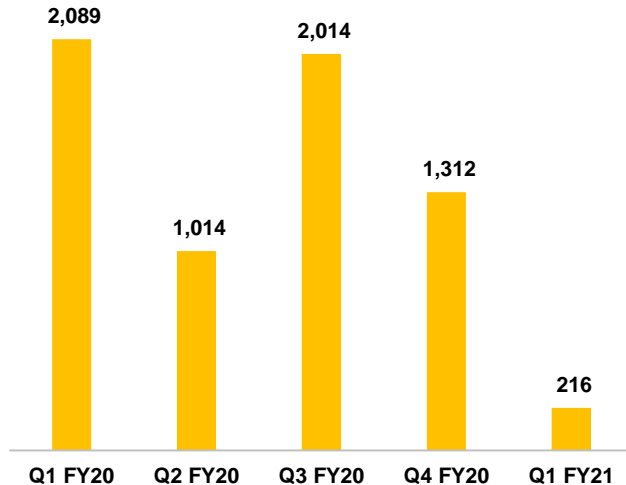
Key Financial Metrics

Parameter	Q1 FY20	Q4 FY20 - post COVID provision	Q4 FY20 - pre COVID provision	Q1 FY21 - post COVID provision	Q1 FY21 - pre COVID provision
AUM	₹ 17,312 crs	₹ 16,134 crs	₹ 16,134 crs	₹ 15,922 crs	₹ 15,922 crs
NIM	7.3%	7.5%	7.5%	6.8%	6.8%
Opex Ratio [#]	4.1%	4.0%	4.0%	3.4%	3.4%
NCL [#]	2.8%	3.6%	0.7%	2.3%	1.6%
Profit Before Tax	₹ 17 crs	₹ 0 crs	₹ 117 crs	₹ 44 crs	₹ 76 crs
RoA	0.2%	-0.9%	1.3%	0.9%	1.5%
Net NPA	3.3%	4.2%		3.7%	
CRAR	24.4%	25.9%		26.0%	

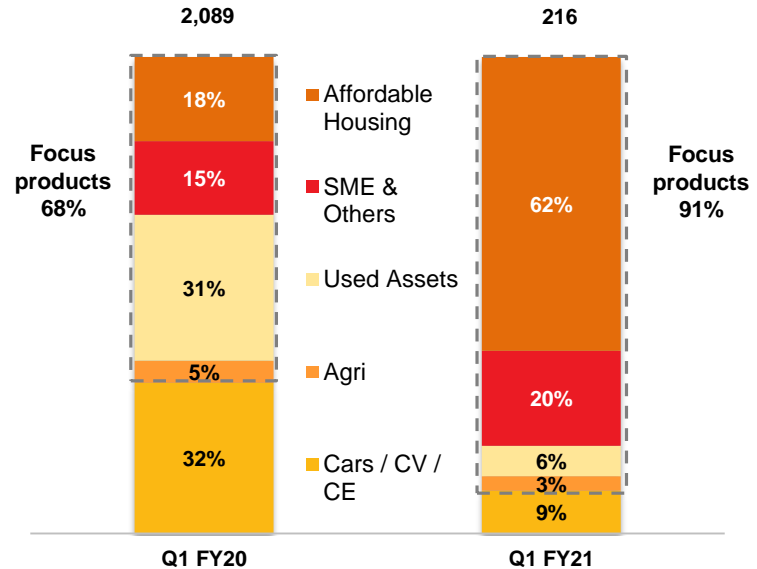
[#] Premium paid under Credit Guarantee scheme clubbed with NCL.

Disbursals impacted due to nation wide lockdown

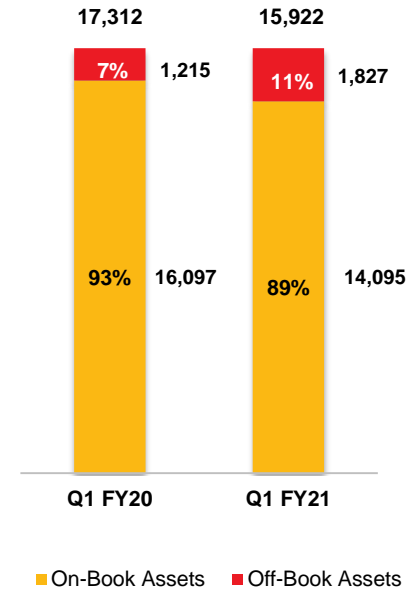
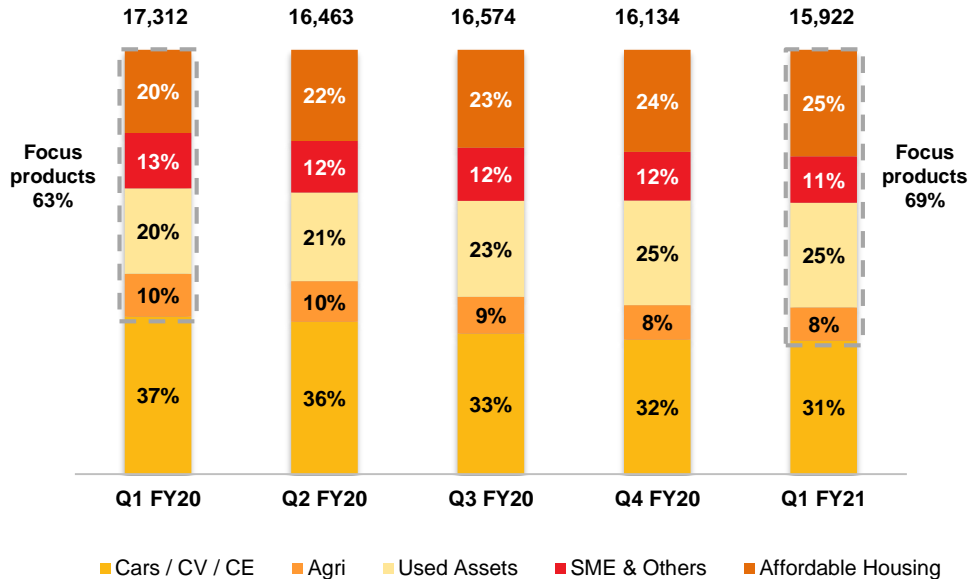
QoQ Disbursement



YoY Change in Disbursement Mix



AUM - Product mix moving towards focus products



Moratorium Management

Segment	31-March-20				30-June-20			
	AUM	COVID-19 Provision	COVID-19 Provision as % of AUM	% of AUM under Moratorium (May exit)	AUM	COVID-19 Provision	COVID-19 Provision as % of AUM	% of AUM under Moratorium (June exit)
ABF	10,395	96	0.9%	84%	10,184	120	1.2%	53%
AHF	3,880	15	0.4%	53%	3,996	22	0.5%	33%
SME & Others	1,859	6	0.3%	56%	1,742	7	0.4%	29%
Total	16,134	117	0.7%	73%	15,922	148	0.9%	45%

Note:

1. On the 1-90 bucket Moratorium portfolio where a few overdue instalments are collected, and buckets are under standstill, provision of ₹78 crs is not released, taking total additional provision (incl. COVID-19 provision) up to ₹ 227 crs (1.4% of AUM).
2. Customers in 1-90 buckets who have availed moratorium and have not paid any instalment in past 3 months, stands at ₹898 crore as on 30-June-20 (Further down to ~₹691 crore as on 31-Jul-20)
3. Percentage of AUM under moratorium (by value) for July-20 was 40% (ABF 49%, AHF 26% and SME & Others 25%).
4. Collection efficiency for Q1 FY21: 102.6% and Jul-20: 105.8%

Credit Loss (NCL) Analysis

Q1 FY21 NCL and NPAs

- Additional COVID provision of ₹ 32 crore for the quarter, taking total additional provision to ₹ 148 crore
- Lower settlements / Repo cases due to lockdown resulting in lower Loss on Settlement / Repo.
- Stringent write-off policy leading to higher write-off as contracts for SME and ABF business move beyond 450 dpd and 730 dpd on efflux of time; consequent reduction in Gross NPA.
- Moratorium in standard buckets resulting in marginal roll forward to 90+ bucket, and leading to lowering of NPA.

Particulars	Q1 FY20	Q4 FY20	Q1 FY21
Net ECL Provision*	86	72	70
Credit Guarantee Cost	0	9	3
Loss on Settlement/ Repo	35	58	20
NCL	121	139	93
<i>*100% Provision Bucket</i>	<i>61</i>	<i>68</i>	<i>64</i>

Particulars	Q1 FY20	Q4 FY20	Q1 FY21
Gross Stage 3 Assets	814	914	811
Provisions held	291	334	295
Net Stage 3 Assets	523	580	517
GNPA%	5.1%	6.4%	5.8%
NNPA%	3.3%	4.2%	3.7%
PCR%	35.8%	36.5%	36.3%
Stage 1 & 2 Coverage Ratio	2.0%	2.2%	2.5%
On Book AUM	16,097	14,247	14,095

Asset Quality

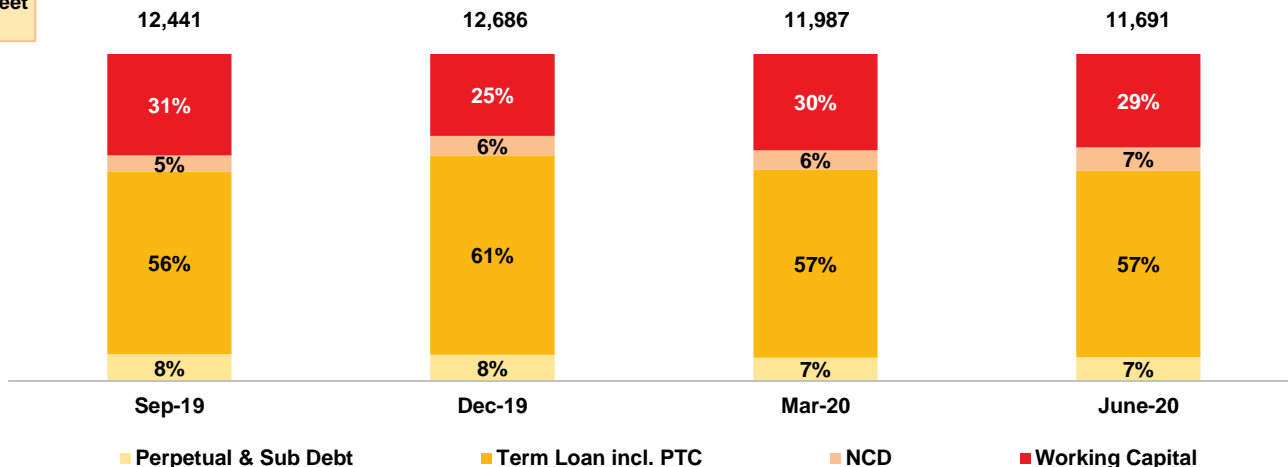
Particulars	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
Gross Stage 1 and Stage 2 Assets	15,282	13,653	13,790	13,333	13,284
ECL Provision – Stage 1 and 2	300	286	277	291	337
Stage 1 and Stage 2 Coverage Ratio (%)	2.0%	2.1%	2.0%	2.2%	2.5%
<hr style="border-top: 1px dotted #000;"/>					
Gross Stage 3 Assets	814	928	987	914	811
Net Stage 3 Assets	523	599	647	580	517
Gross Stage 3 Assets (%) (~ GNPA)	5.1%	6.4%	6.7%	6.4%	5.8%
Net Stage 3 Assets (%) (~NNPA)	3.3%	4.2%	4.5%	4.2%	3.7%
Stage 3 Coverage Ratio (%)	35.8%	35.4%	34.4%	36.5%	36.3%

- 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.

Liability Profile - Structural Shift to Long Term Liquidity



On Balance Sheet Debt



Instrument	Rating
Short term Debt	A1+ (CARE & CRISIL)
Long term Debt	AA- (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 as at 30-June-20 – Banks: 82%, Debt capital market: 18%.

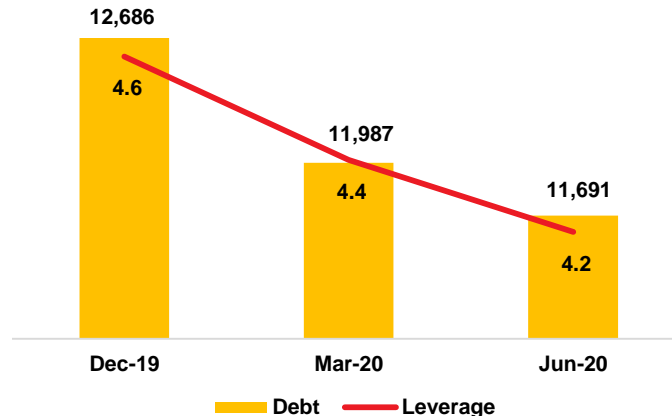
Balance Sheet Debt based on MFL Consolidated financials; Values in Rs crore.

Liquidity and Leverage

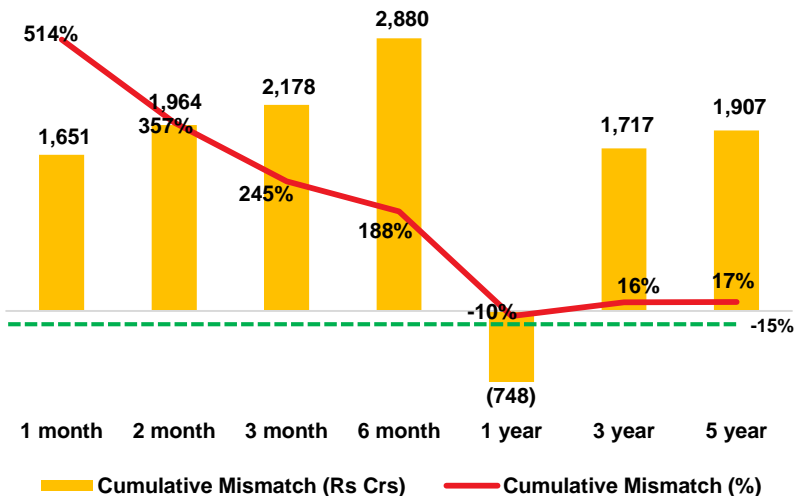
Robust Liquidity

- Overall available liquidity of ₹ 1,797 Cr (over 15% of current borrowings); ₹ 502 Cr new drawdowns in Q1 FY21
- ₹ 650 Cr undrawn sanctions as on 30-June-20
- ₹ 750 Cr sanctions in pipeline as on 30-June-20

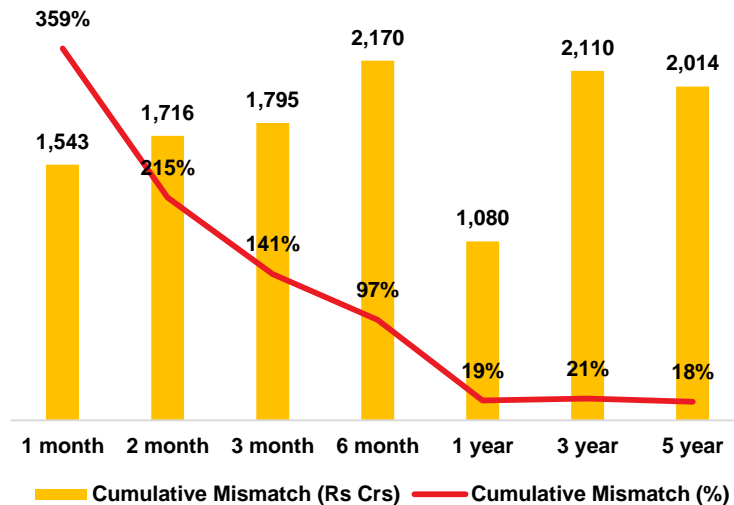
Leverage Ratio



Structural Liquidity for MFL as at June-20

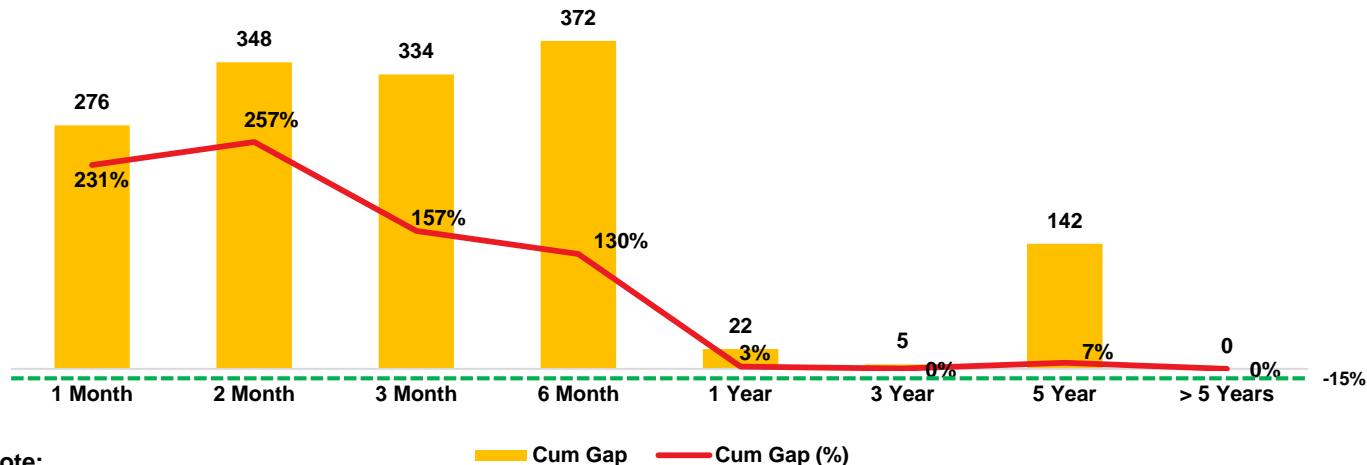


Working capital limits are considered as repayable in 6 - 12 months time bucket



In the scenario working capital limits are considered as matched to maturity, the mismatch turns to **surplus of 19%**

Structural Liquidity for MHFL as at June-20

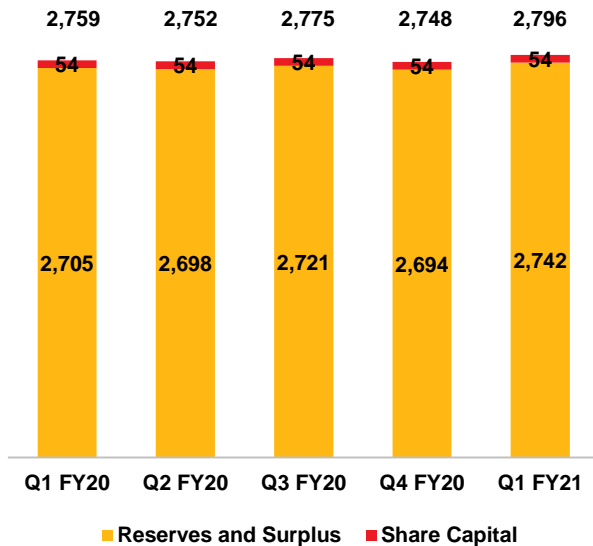


Note:

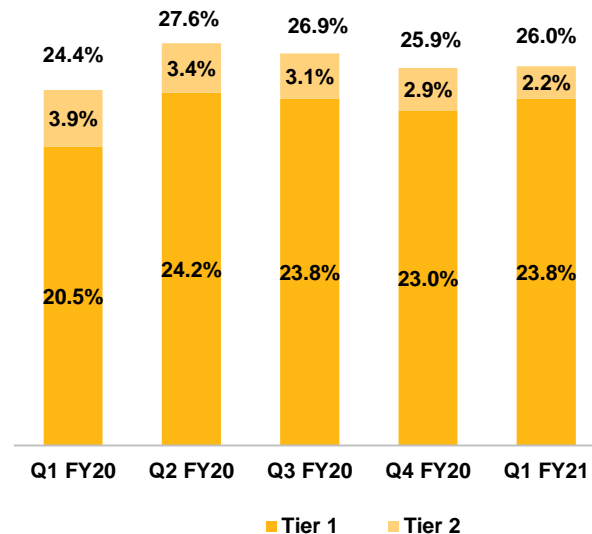
- Cumulative positive gap of ~3% in 0-1 year time bucket against ~1% as on 31-March-20
- Working Capital limits are considered as repayable in 6-12 months time bucket

Adequately capitalized for growth

Net Worth



Capital Adequacy*



Consolidated Profit & Loss Statement*

Particulars	Q1FY21	Q4FY20	Q1FY20	FY20
Net Revenue	274	308	315	1,272
Expenses [#]	136	162	177	674
Operating Profit	138	147	138	598
Net Credit Loss (Normal) [#]	62	30	121	398
Profit Before Tax (before COVID-19 provision)	76	117	17	199
Additional Provision - COVID-19	32	117	-	117
Profit Before Tax	44	0	17	83
Tax (Normal)	9	(4)	5	19
Opening DTA impact due to change in tax rates	-	36	-	36
Profit After Tax	35	(31)	12	28
Share of profit in Joint Ventures / Associates	3	(4)	(1)	(1)
Consolidated Profit After Tax	38	(36)	11	27
RoA	0.9%	-0.9%	0.2%	0.2%
RoE	5.5%	-5.2%	1.6%	1.0%

* Re-formatted for better analysis

Premium paid under Credit Guarantee scheme clubbed with NCL

Values in Rs crore

Consolidated Balance Sheet

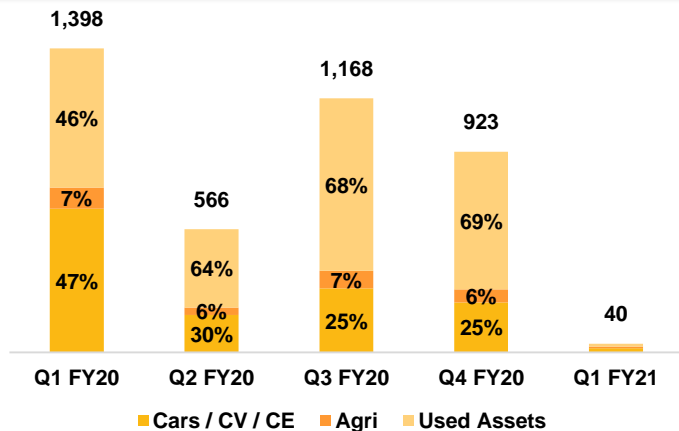
Particulars	30-June-20	30-June-19	31-Mar-20
Cash and Cash Equivalents	781	540	708
Loans and Advances	13,403	15,492	13,555
Other Assets	671	655	784
Fixed Assets	182	205	193
Total Assets	15,038	16,892	15,240
Borrowings	11,691	13,290	11,987
Other Liabilities	550	844	504
Share Capital	54	54	54
Reserves & Surplus	2,742	2,705	2,694
Total Liabilities	15,038	16,892	15,240

A hand holding a red dart, about to throw it at a target on a desk with a laptop and charts.

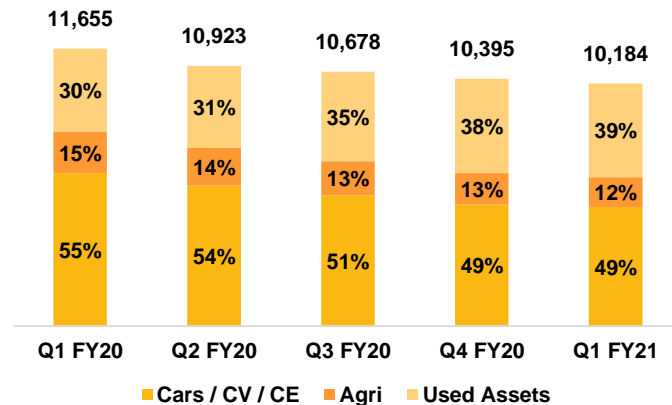
Business Strategy - Asset Backed Finance (ABF)

ABF Business

Disbursal % (Value)



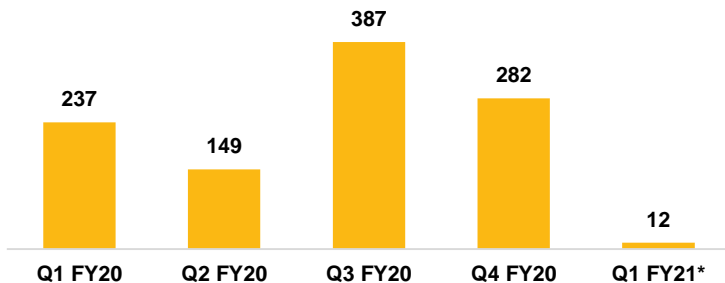
Product-wise AUM Contribution



- 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
- Q4 FY20 and Q1 FY21 disbursals impacted by lockdown since March-20 on account of Covid-19

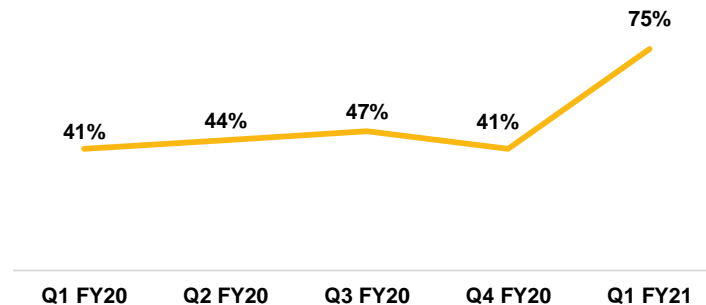
Focus on Cross Sell and Direct Business

Cross sell Disbursement (Rs. Crs)



FY	Volume (in cr)	% Increase
FY18	536	↑ 47%
FY19	704	↑ 31%
FY20	1,055	↑ 50%
Q1FY21*	12	

Direct Business % of total ABF Disbursal (Units)



- Direct business contribution to overall business is steadily improving
- Disbursements kick started only in mid of June-20 for existing customers. Hence direct contribution is showing a skew due to limited channel sourcing.

[^]FY20 - Q2 disbursements curtailed with a view on liquidity; Q4 disbursements impacted by lockdown in March

^{*} Cross sell campaigns kick started from Q2 FY21

Values in Rs crore



Business Strategy - SME and Others

SME and Others – Key Initiatives



❑ **Go Direct**

- Benefitted 1,560 MSMEs, under GOI's Atmanirbhar Bharat, Emergency Credit Line Guarantee scheme (ECLGS)
- Government benefits of around Rs.17Cr. passed on to over 6000 customers digitally
- Pro-bono consultancy services to MSMEs in partnership with International philanthropic foundation (Benefit to 500+ MSMEs)
- Cross sell Individual and Group Health Policies to MSMEs, in COVID times

❑ **Go Digital**

- End to end paperless digital processing including e-sign on loan agreements
- Pilot launched of e-NACH and Video Personal Discussion for Credit appraisal

❑ **Go-Secured**

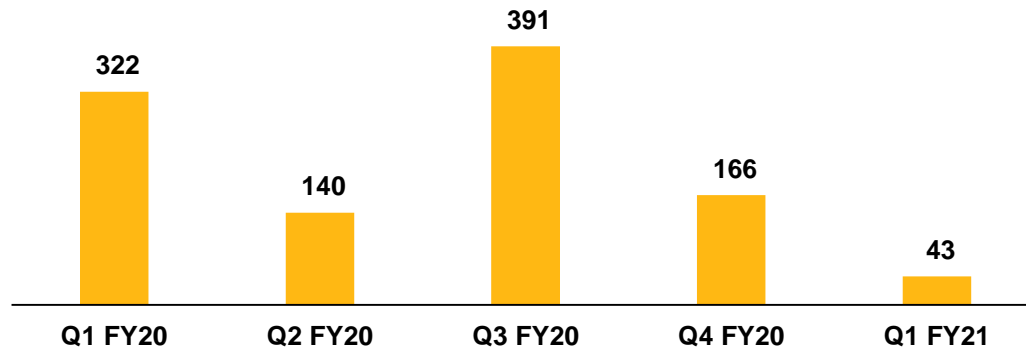
- MSME Secured product launched as pilot in Gujarat & Haryana. First disbursal expected in August

SME and Others

Disbursement

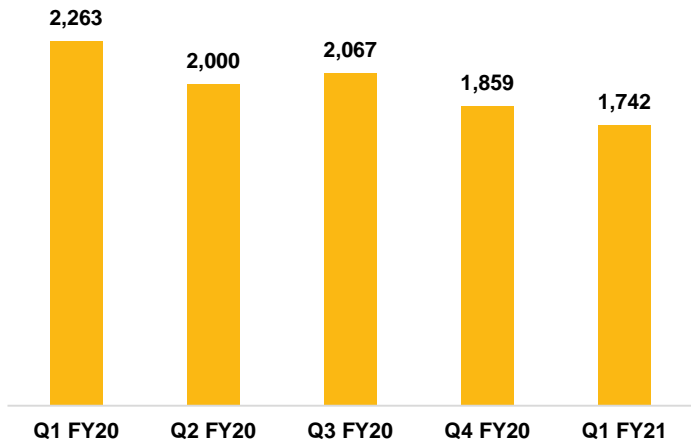
Go Digital – ECLGS
and Government
benefits processed
100% digitally

SME Focus on
essential goods and
select industries

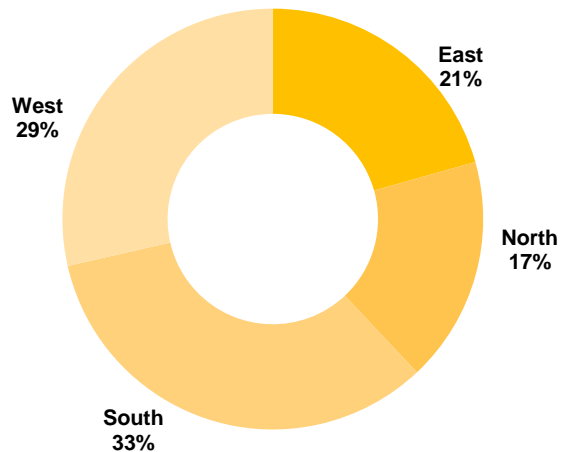


SME and Others

AUM



Geographical Diversification



Prudence adopted in unsecured SME business given tough macro conditions

Geographically well diversified portfolio

Business Strategy - Affordable Housing Finance



Disbursal Momentum – AHF

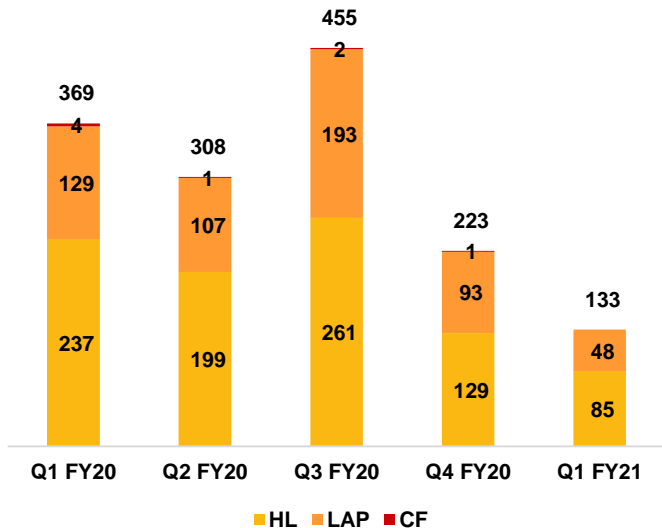
National Presence
19 States and
103 Branches

API enabled
digital workflow;
integrated rule
engine

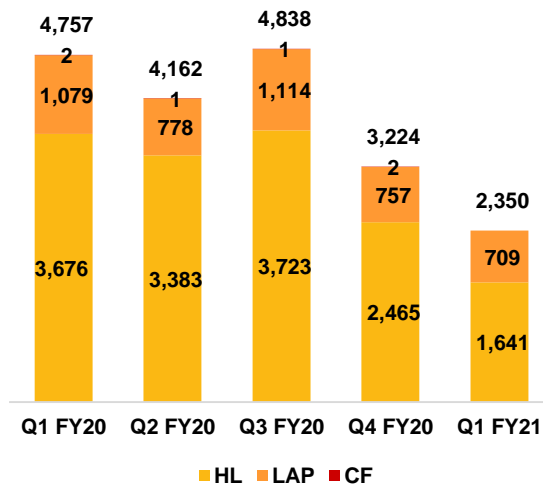
63% PMAY
penetration in
fresh Home Loan
on-boarding

Disbursals under
gradual
normalization
post lockdown

Disbursement



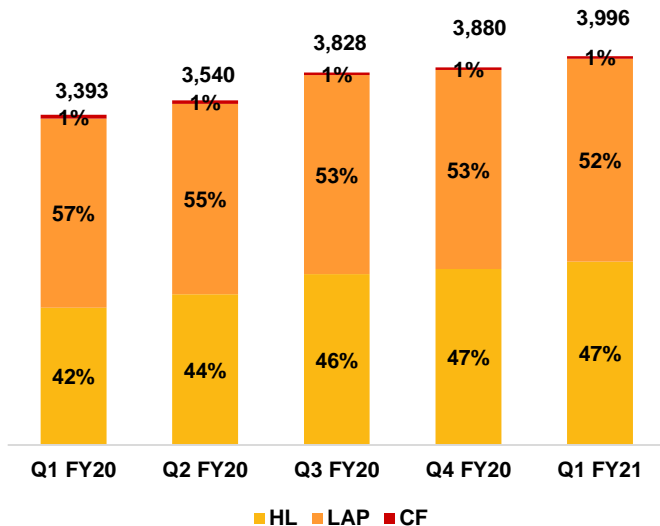
Disbursement (# Nos. Accts)



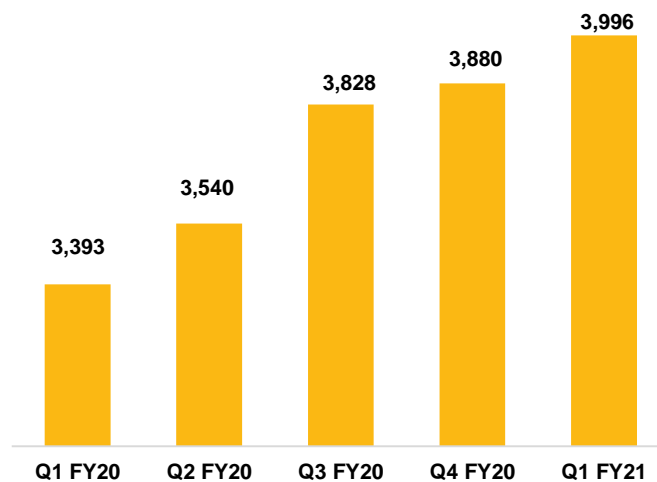
* AHF includes HL, LAP and CF
Values in Rs crore

AUM Momentum – AHF

Product Mix



AUM

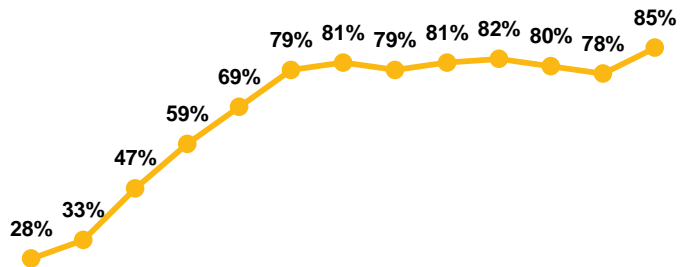


* AHF includes HL, LAP and CF
Values in Rs crore

Core Business Values Intact

Go Home Loan

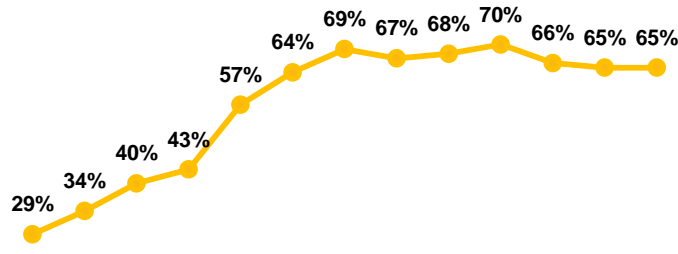
Direct Ratio (Units)



Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
FY18				FY19				FY20				FY21

Go Direct

Home Loan Ratio (Units)



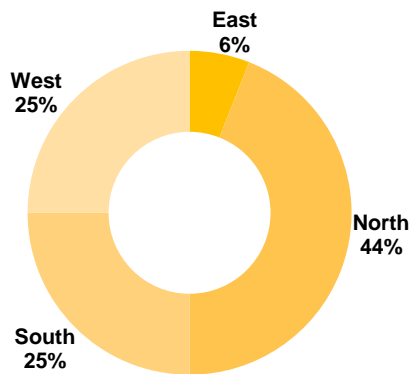
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
FY18				FY19				FY20				FY21

Key Takeaways

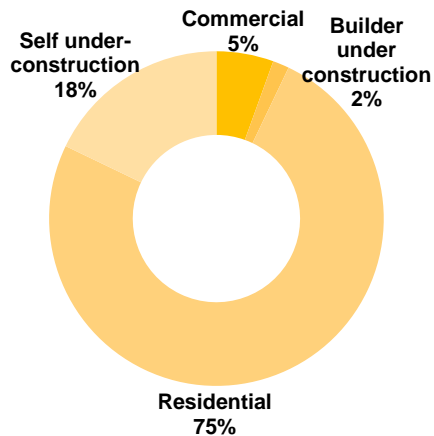
- Home Loan share is consistently around 65%
- Direct distribution capabilities set up in last 2 years
- 80% of sourcing is relationship based direct sourcing

Well Diversified Business – Q1 FY21

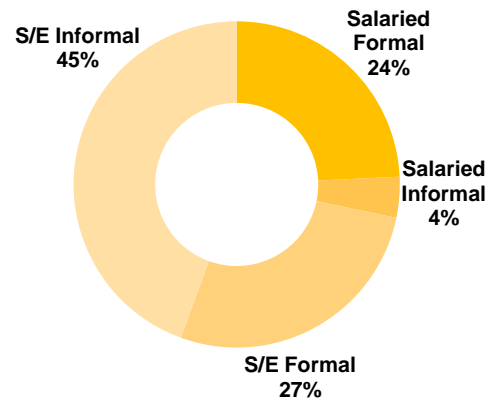
Geographical Distribution



Collateral Mix



Customer Mix

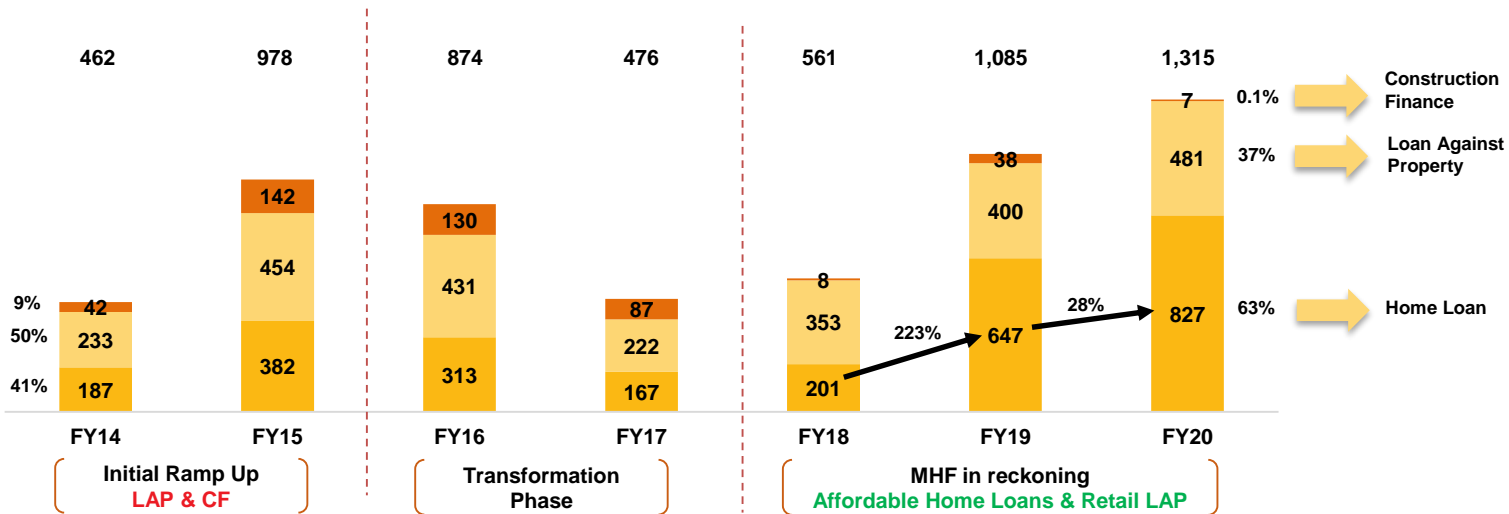


- Geo-risk optimized; diversified National presence
- Minimal construction risk, under-construction builder property only 2% of disbursement
- Balanced Mix of Salaried: Self employed and Formal: Informal customers

Magma Housing Finance (Subsidiary)



MHF – Emerging as a strong Affordable Housing Finance Entity



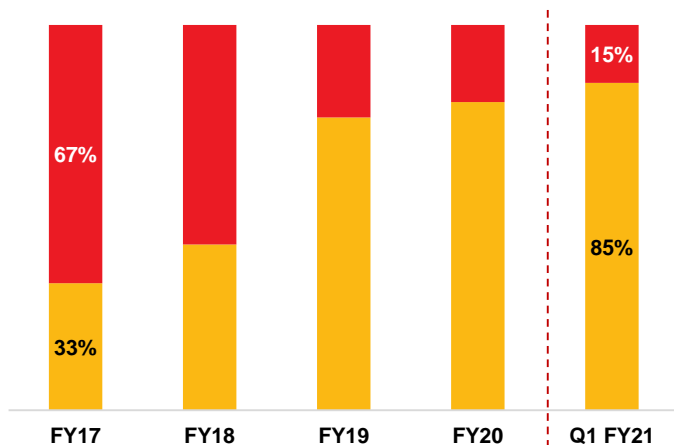
“The company has consciously transformed towards building the granular long term affordable housing book”

Relationship based direct sourcing

Sourcing Mix

475 562 1,085 1,315 133

Go Direct 80%

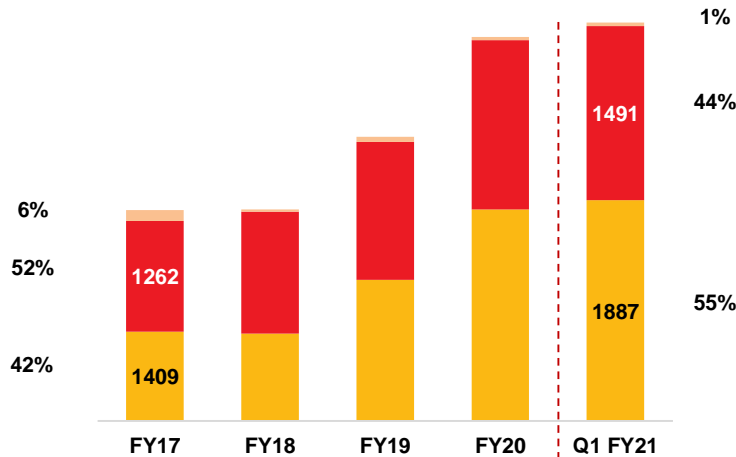


■ Direct Sourcing ■ Channel sourcing

AUM

1,790 1,809 2,429 3,283 3,400

Go Home Loan 55%

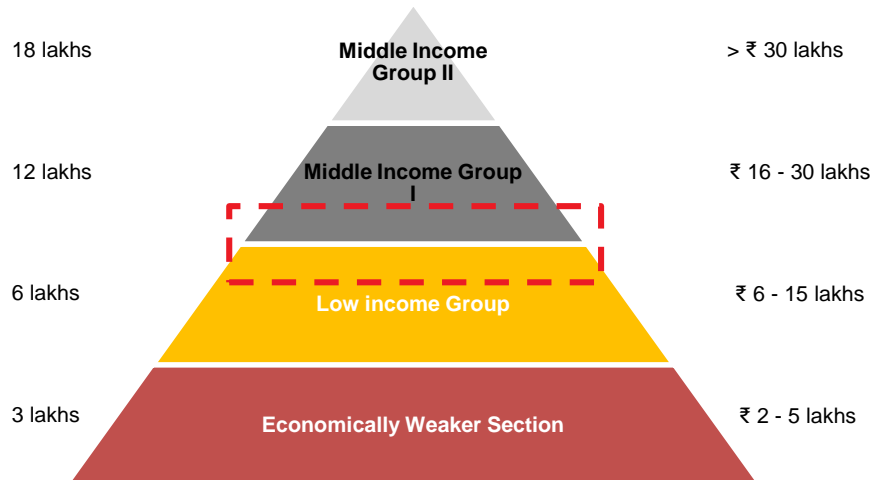


■ HL ■ LAP ■ CF

Serving the under-served MIG and LIG customers

Household Income

Average Loan Ticket Size



MHF Customer segment

- Primarily new to credit customers buying first home
- 70%+ of loans disbursed in Tier 2 and Tier 3 towns
- Income type: Self Employed, Salaried Informal, Self Employed-Professional, Salaried
- Lending towards affordable housing with Average Ticket Size of 9-13 lakhs

Pan India Affordable Housing Finance Company

Asset Light Branch Network

- ✓ Wide retail presence through hub and spoke model
- ✓ Technology enabled solutions leading to industry best productivity, national coverage and best in class customer experience
- ✓ Strong customer engagement through large team of Field Executives
- ✓ Toll free Inbound/Outbound Customer Call Centre for servicing and cross sell

103 Branches as on 30-June-20

Deep presence in select geographies pan India through hub and spoke model,



MHF - Value in Consistent Performance

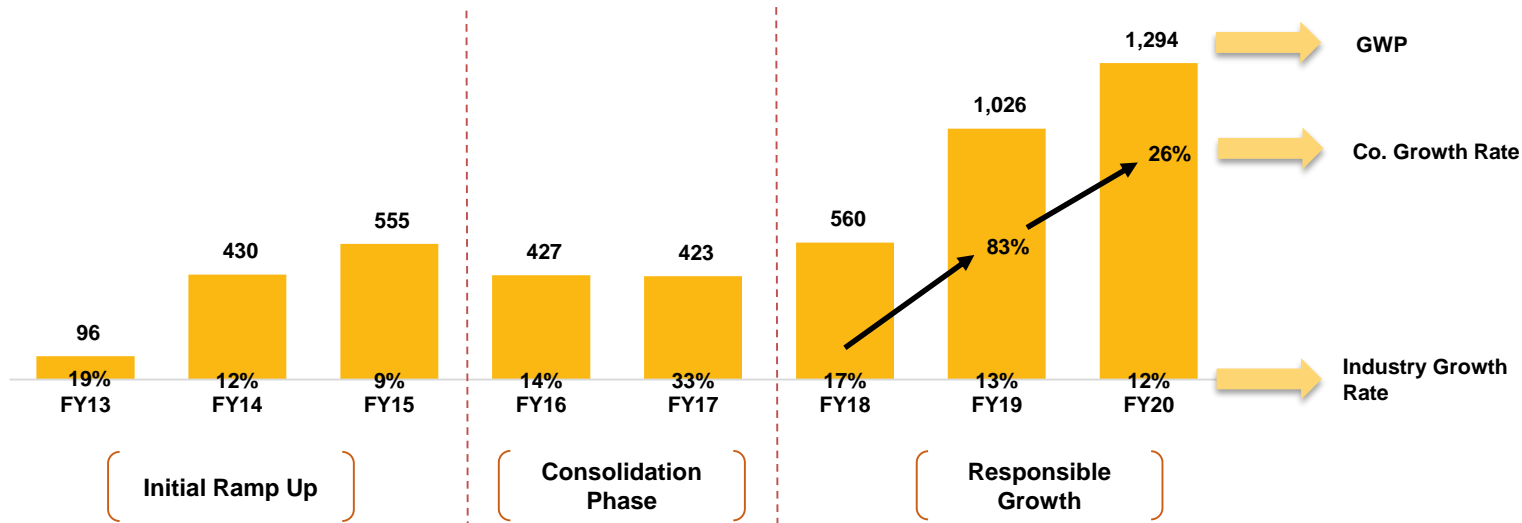
Parameter	FY17*	FY18*	FY19*	FY20*	Q1 FY21
AUM	₹ 1,790 crs	₹ 1,809 crs	₹ 2,430 crs	₹ 3,283 crs	₹ 3,400 crs
Gross NPA	4.7%	5.4%	1.8%	1.6%	1.6%
Net NPA	3.7%	3.3%	1.2%	0.97%	0.96%
Disbursement IRR	14.0%	13.3%	13.1%	13.8%	13.8%
Opex Ratio	2.8%	3.1%	3.9%	3.6%	2.7%
PAT	₹ 34 crs	₹ 34 crs	₹ 34 crs	₹ 43 crs	Rs. 10.3 crs [^]
ROA	1.9%	1.9%	1.6%	1.5%	1.2% [^]
ROE	13.1%	11.5%	10.4%	10.4%	8.5% [^]

*Note: Performance for FY17 as per I-GAAP; FY18 to FY20 performance as per Ind-AS
[^]Q1 FY21 PAT, ROA and ROE are before additional provisions of 4.5 Cr on account of COVID-19



Business Strategy - MHDl

Magma HDI General Insurance - Registering robust growth built on strong risk foundation



“The company has registered growth rate higher than industry growth rate for 3 years in a row”

Magma HDI General Insurance

Overall de-growth of ~4.2% for industry for Q1 FY21

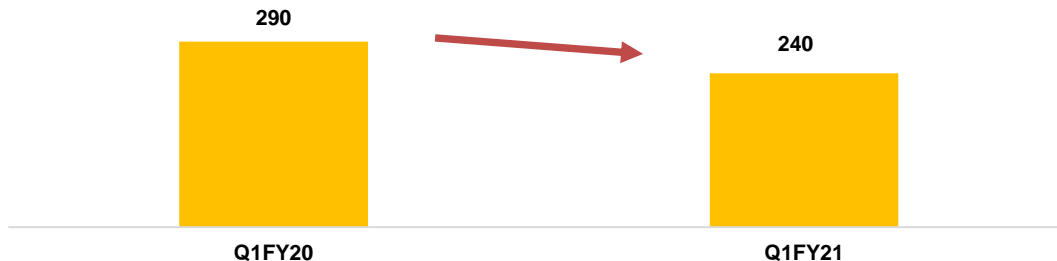
After 3 months of de-growth, industry grew by ~7.8% (general insurers by ~4.1%) in June-20 over June-19 whereas Magma HDI grew by 10.6% overall for same month

Commenced business with one more OEM & integration under process for 3 more OEM's

Continued focus to grow retail health & SME group health portfolio resulted in ~531% growth for retail health, imparted training to ~8000 field executive to source retail health

Issuance of the highest month number of policies & certificates ~3.53 lakhs in June-20

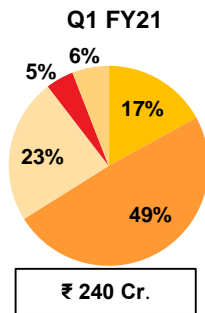
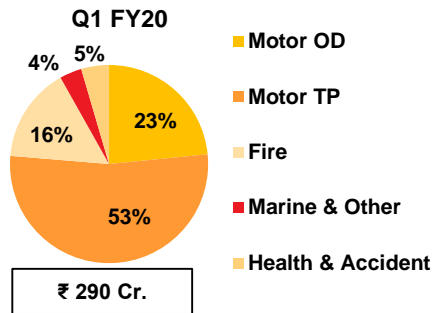
Gross Written Premium



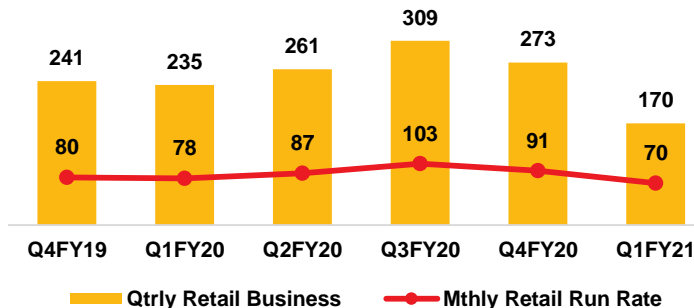
- **Business de - growth** : ~17.1% GWPI over Q1 FY20 (registered growth in June-20)
- **OEM tie-ups** contributed 11% of GWP for Q1 FY21 against 15.4% for Q1 FY20. With few more OEM business commencement in 2nd Quarter, the contribution likely to change
- **Banca tie-ups** contributed 4.7% of GWP for Q1 FY21 with growth @115% over Q1 FY20
- **Health & PA** put together contributed ₹14.2 crs for Q1 FY21 with growth @8.1% over Q1 FY20, out of which Retail Health GWP shows growth ~531% & Group Health grew by ~172% in quarter
- **E-sales** : digital channel contributed ₹ 4.2 crs GWP for Q1FY21 @ ~336% growth rate
- **Corporate Sales & Broking** including Inward contributed 19.5% against 13.3% with growth @ ~21.7% over Q1 FY20

Magma HDI General Insurance: Portfolio

Portfolio Construct



Retail Run Rate

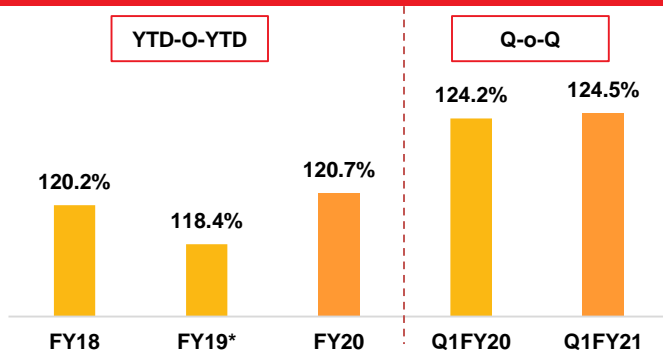


- **Portfolio mix** changed from 76%-19%-5% for Motor-Commercial-Health in Q1 FY20 to 66%-28%-6% in Q1 FY21
- **Motor Portfolio:** Continue to enjoy one of the lowest Own Damage loss ratio in the industry*. Within motor, diversified portfolio across vehicle categories with geographical diversification
- **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 helping health to boost up, training to partners field executive resulted in 8.1% of growth in Health & PA GWP for Q1 FY21 over Q1 FY20
- While there has been a 11% decrease in monthly run rate from Q1 FY20 to Q1 FY21; bounce back in numbers from June-20
- **Commercial Portfolio :** Contributed 28% in Q1 FY21 against 19% in Q1 FY20 registering growth of 21% in the quarter

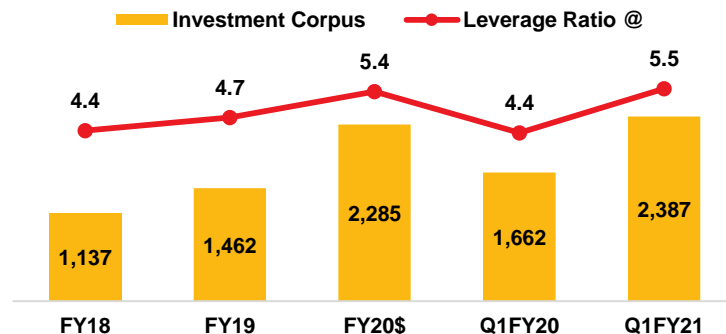
Magma HDI General Insurance: Robust Growth



Combined Ratio Movement



Investment Book & Leverage ratio



- The Company has been following a prudent capital utilization strategy
 - Though Loss ratio has increased to 83.8% as at Q1FY21 against 82.0% in Q1FY20, improvement in Net commission ratio by 0.6% and in expenses ratio by 0.9% has resulted in the CoR deteriorating marginally 0.3% as at Q1FY21 over Q1FY20
- Investment carrying yield as at Q1FY21 stands at 7.26% with the investment leverage continuing to improve
- Solvency for the company stands at 1.75 times as against 1.50 times required by IRDAI

* Normalised ; @ - Closing Investment corpus by closing capital, \$Partial allotment of share Application money considered in closing capital
Values in Rs crore

Magma HDI General: Profit & Loss Statement

Ind AS				
Particulars	Q1 FY21	Q1 FY20	Q4 FY20	FY20
Gross Written Premium	240.2	289.9	345.4	1293.9
Net Written Premium	137.6	166.9	200.4	790.2
Net Earned Premium	187.6	164.4	193.9	708.3
Net Claims Incurred	157.2	134.9	162.2	597.5
Net Commission	(10.1)	(11.2)	(12.1)	(62.9)
Management Expenses	65.8	82.4	89.8	355.2
Impairment loss	14.6	0.0	10.9	18.6
Underwriting Profit	(39.9)	(41.6)	(56.9)	(200.1)
Investment & Other Income	50.2	38.2	52.9	205.8
Profit Before Tax	10.2	(3.4)	(4.0)	5.7
Taxes	2.4	0.8	7.9	8.8
(-) Current Taxes (including MAT Credit)	3.5	0.0	7.9	7.8
(-) Deferred Taxes	(1.1)	0.8	0.1	1.0
Profit After Tax	7.8	(4.2)	(11.9)	(3.1)

Business enablers
to drive sustainable
growth



Business enabler for sustained growth – Technology

Digital

LOS: End-to-End Digital Loan Processing powered by engines for real-time decisioning, API driven ecosystem engagement with FinTechs, automated workflows, rules for multi-bureau analysis, analytical scorecards, digital NACH and eSign

BYOD: Empowered Field-force with Bring-Your-Own-Device to securely access corporate applications using personal mobile devices

Digital Collections: Over 75% of monthly collections via digital modes of NACH, PDC, RTGS, UPI, Net Banking, Debit Cards, Google Pay, PhonePe and PayTM



Operational Efficiency



Lead-To-Disbursal TAT reduction powered by Digital Workflows, STP and automated checkers

Robotic Process Automation for delivering scale to recon activities in back-office functions

Data Analytics



Credit Rule Engine: 2/3rd of credit underwriting is Straight-Through-Processed and digital Approved

Data Marts: for Risk Analytics, Cross Sell and Financial Analytics

Customer Engagement



CRM: Omni-channel 360 degree view of Customer across various mediums of engagements such as Branch OTC, SMS, Email, Call Centre, WhatsApp, Facebook, LinkedIn and Twitter

WhatsApp Chatbot: launched for Customer-service and Channel-engagement; Website ChatBot launched for facilitating dialog on moratorium

Digital document delivery: Achieved across 11 vernacular languages to customers

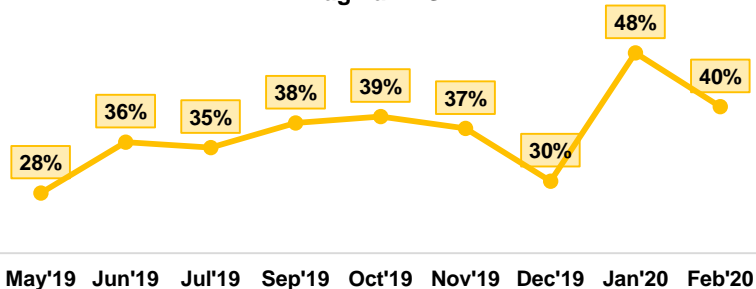
Security



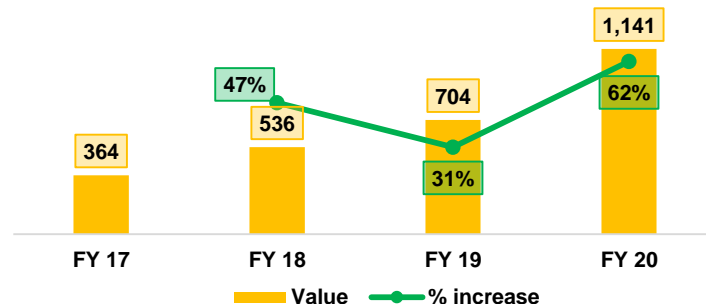
Work From Home enabled through secured infrastructure encompassing **hardened laptops, Firewalls, Virtual Private Network, Mobile Device Management** and **24x7 Security Operations Center**

Business enabler for sustained growth - Customer Service

Magma NPS *



Cross-Sell (in crs) **



Key Achievements - FY20:

- Significant Tat reduction through automated STP (Straight Through Processing) initiatives
- Best in class Net promoter scores (NPS) in Asset finance business
- Analytics driven customized cross-sell product offers for customers
- Servicing customers in 11 regional languages

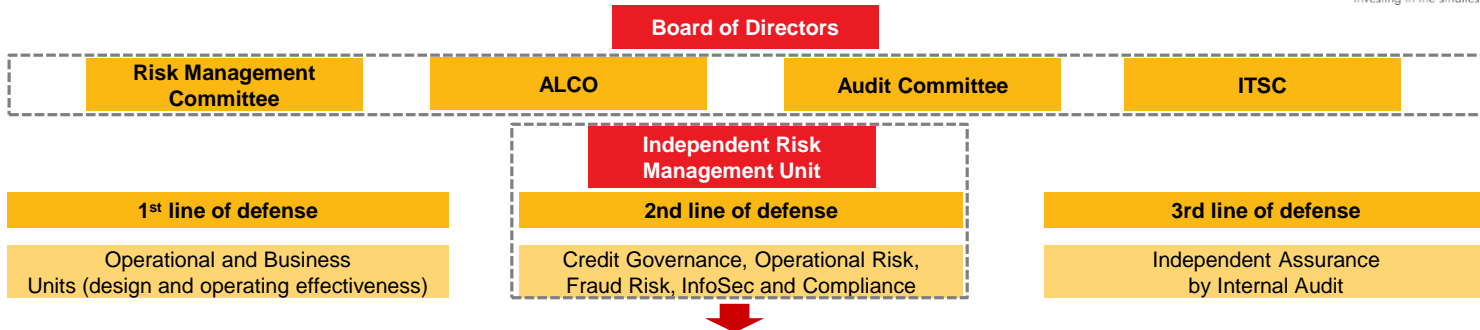
Focus Areas - FY21:

- Leverage technology to reduce cost, bring transparency and improve customer connect
- Usage of digital interventions to reduce customer interaction time at all stages of the customer life cycle
- Use advanced analytics for better profiling and enriching customer relationships

*NPS measurement will be restarted in Q3 FY21 once business volumes pick up

**Cross sell campaigns being kick started from Q2 FY21

Enterprise wide, independent risk management framework, An integrated approach covering entity wide risks



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

Enterprise wide, independent risk management framework, Risk strategy to deal with COVID-19 situation

During the end of financial year, we have been faced with unprecedented health and economic crisis on account of COVID-19 which has led us to fine tune our existing risk strategy due to the uncertain conditions.

Minimum disruption of activities	<ul style="list-style-type: none">• Being a geographically neutral team, which can work from a non-office location without much disruption, the Risk team has ensured minimum disruption of its planned activities during the crisis
Key initiatives by the Risk team	<ul style="list-style-type: none">• All planned risk activities like risk reviews, IFC exercise, KRI monitoring, committee meetings have been carried out as per plan• Developed an Event Risk register to monitor the new risks, and corresponding controls put in place to deal with the COVID-19 situation• Participated in COVID-19 specific webinars to get valuable insights into risks due to the pandemic and undertaken discussions with the business units for mitigating the same• Intensified surveillance activities by FRM happening on a regular basis. Team has also focused on the training of other support functions for better fraud prevention• Credit pre-approved customers are being reassessed by the Credit team for loans in uncertain scenario• Customer Survey done to understand how they have been affected by this crisis and obtained invaluable feedback to improve credit processes / re design lending and collection strategies
Road ahead	<ul style="list-style-type: none">• Increased use of secured technology tools to conduct risk activities• Identifying and eliminating redundant processes, identified during the crisis, across the organization• More impetus on telephonic discussion for investigations and cross verifications

Business enabler for sustained growth - People

- 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

Leadership Team and Shareholding Structure



Board of Directors

Promoter Directors

Mayank Poddar

Chairman Emeritus and Whole time Director

- Supports policy formulation and guidance to the Management/Board.
- Over 30 years of experience in the financial sector.

Sanjay Chamria

VC and MD

- Anchors strategic policy formulation and execution.
- Drives new business initiatives and leads management team.

Non Executive Independent Directors

Narayan K Seshadri

Chairman

He is on the Board of companies including Clearing Corporation of India Limited, PI Industries Limited and SBI Capital Markets Limited.

VK Viswanathan

Director

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.

Vijayalakshmi R Iyer

Director

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.

Bontha Prasad Rao

Director

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

Sunil Chandiramani

Director

He is a Management Consultant & CEO of NYKA Advisory Services. Earlier, he was associated with Ernst & Young LLP in various capacities for 25 years. He is on the board of various Indian corporates as an Independent Director.

Management Team



Sanjay Chamria
VC and MD

Business CEO / Functions

Support Functions



Manish Jaiswal
MD & CEO - HFC,
CEO - SME

Jun-2017

Head, Risk
Advisory,
Research and
SME Ratings,
CRISIL



Rajive Kumaraswami
MD & CEO - MHD

Jun-2016

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



Deepak Patkar
CEO - ABF

Sep-2018

Chief Risk Officer,
Fullerton India
Credit Company
Limited.



Harshvardhan Chamria
Chief Digital Officer

Sep-2014

Chief Strategy
Officer- Housing
and SME, Magma
Fincorp Limited



Rajneesh Mishra
Chief People Officer

Jan-2019

Vice president-
HR,
Bajaj Finserv
Limited



Kailash Baheti
Chief Financial Officer

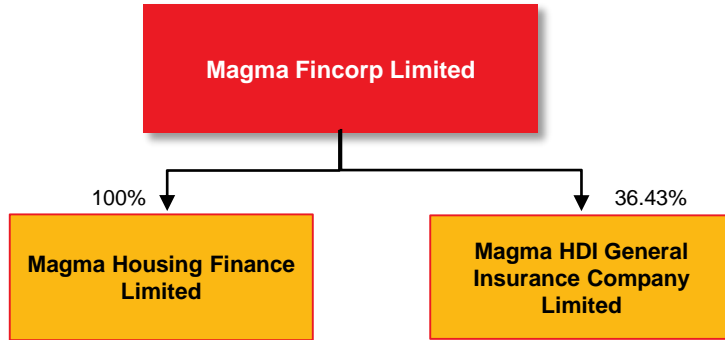
Oct-2011

CEO,
Century
Extrusions Limited

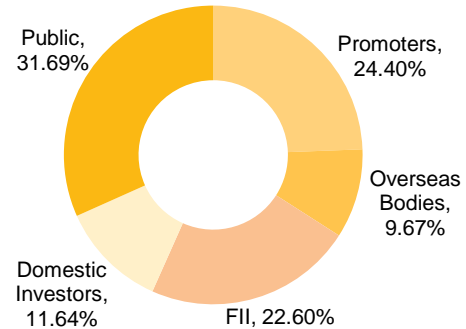
Joined

Title and Previous Company

Holding Structure & Shareholding Pattern



Shareholding (30-June-20)



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

Annexures



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



Particulars	Q1 FY21	Q4 FY20	Q1 FY20	FY20
Net Revenue	233	266	279	1,098
Expenses [#]	114	138	150	573
Operating Profit	119	128	129	525
Net Credit Loss (Normal) [#]	58	20	118	382
Additional provision - COVID-19	27	109	-	109
Profit Before Tax	34	(1)	11	34
Tax (Normal)	7	(3)	3	7
Opening DTA impact due to change in tax rates	-	37	-	37
Profit After Tax	27	(35)	8	(10)

* Re-formatted for better analysis

[#] Premium paid under Credit Guarantee scheme clubbed with NCL

Values in Rs crore

Magma Fincorp Ltd. (MFL) Standalone Balance Sheet



Particulars	30-June-20	30-June-19	31-Mar-20
Cash and Cash Equivalents	570	519	648
Loans and Advances	10,917	13,534	11,183
Other Assets	831	767	948
Fixed Assets	165	189	176
Total Assets	12,484	15,008	12,955
Borrowings	9,518	11,819	10,109
Other Liabilities	423	629	331
Share Capital	54	54	54
Reserves & Surplus	2,489	2,507	2,461
Total Liabilities	12,484	15,008	12,955

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

Particulars	Q1 FY21	Q4 FY20	Q1 FY20	FY20
Net Revenue	40	41	44	179
Expenses	22	24	27	101
Operating Profit	18	17	17	78
Net Credit Loss (Normal)	4	10	3	16
Additional provision - COVID-19	4	7	-	7
Profit Before Tax	9	(0)	14	54
Tax (Normal)	2	(2)	4	13
Opening DTL impact due to change in tax rates	-	(1)	-	(1)
Profit After Tax	7	3	10	43

* Re-formatted for better analysis
Values in Rs crore

Rewards & Recognition



Corporate Social Responsibility

Magma has received 14 awards since 2015 for the various CSR activities covering Education, Health and Environment Sustainability.

The latest recognition was received in Jan 2020 from Institute of Public Enterprise (IPE), Hyderabad **Best CSR Practice Awards'2020** – for Innovation in CSR – **Magma Highway Heroes**

Information Technology

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

Corporate Communication

Magma has received 11 awards for Corporate Communications from leading forums. The recent one is:

League of American Communications Professionals (LACP) Spotlight Awards, for Annual Report Design, in November 2019



Community Commitment: CSR



Swayam – COVID-19 relief activity

- Magma Group contributed ₹ 5 Cr to PMCARES
- Provided 2,000 PPE Kit and 11 UV based Disinfection Tunnels to Kolkata police for Police Stations and Police Training Centres/ Administrative Buildings in Kolkata
- Distributed dry ration to around 28,000 individuals across the country affected adversely by the pandemic



Magma Highway Heroes

- Significant reduction in CO2 Emission and Diesel consumption YOY basis
- Medical camps, E-Toilets and Training provided to around 2 Lac truck drivers at around 300 camps conducted across the country.



Mid Day meal, M-Education, Swayam Programmes

- Infrastructure support to an old age home effected during Amphan cyclone
- **Mid-day Meal** offered to 6,500 kids in Govt. Schools in 7 states (West Bengal, NCR, Maharashtra, Jharkhand, Andhra, Haryana and Rajasthan)
- Adopted 35 nos. of single teacher school in Chennai and 3 anganwadi in Rajasthan

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
- Few students from 2015 & 2016 batch has completed their college and has received the job offers from prestigious corporate house

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 at COVID-19 effected areas in FY21



Group level CSR activities are managed by Magma Foundation



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