

10 February 2021

The Secretary,
Corporate Relationship Department,
BSE Limited
25th Floor, P. J. Towers, Dalal Street, Fort,
Mumbai - 400 001

(Company Code - 524000)

Manager,
Listing Department,
National Stock Exchange of India Limited
“Exchange Plaza”,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

(Symbol – MAGMA)

Sub: Media Release in respect of Proposed acquisition of controlling stake in Magma Fincorp Limited by Rising Sun Holdings

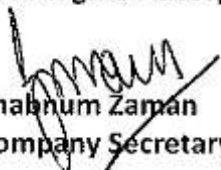
Dear Sir,

Enclosed herewith please find the Media Release on the preferential issue of Equity Shares by Company.

This is for your information and record.

Thanking You,

**Yours faithfully,
For Magma Fincorp Limited**



**Shabnum Zaman
Company Secretary**

Encl: as above

Media release

Preferential Issue of Equity Shares

10 February 2021



Background

- The Board of Directors of the Magma Fincorp has accepted, subject to approval of the shareholders and the required Statutory and Regulatory approvals, a binding offer for infusion of Rs. 3,456 crores, through the preferential issue of 49,37,14,286 equity shares at a price of Rs. 70 per share
- The transaction envisages the issuance of equity shares on preferential basis to the following parties:
 - 45,80,00,000 shares for Rs. 3,206 crores to be issued to Rising Sun Holdings Private Limited ("Rising Sun Holdings"), a company controlled by Mr. Adar Poonawalla
 - 3,57,14,286 shares for Rs. 250 crores to be issued to Mr. Sanjay Chamria and Mr. Mayank Poddar, the existing promoters of the Company, distributed equally
 - The transaction would result in the Rising Sun Holdings taking a controlling stake of 60.0% in the post issue capital of the Company
- Rising Sun Holdings would also be classified as Promoter of the Company, together with the existing Promoter Group

Salient features of the transaction (1/2)

Particulars	Details
Transaction	Preferential issue of equity shares of Magma Fincorp at Rs. 70 per share and open offer by Rising Sun Holdings as per Public Announcement made under SAST
Issue contours	To raise Rs. 3,456 crores, with 45,80,00,000 shares being issued to Rising Sun Holdings, and 3,57,14,286 shares to Mr. Sanjay Chamria and Mr. Mayank Poddar collectively
Issue price	Rs. 70 per share
Acquirer	Rising Sun Holdings Private Limited ("Rising Sn Holdings"), a company controlled by Mr. Adar Poonawalla
Shareholding post allotment	<ul style="list-style-type: none">• Rising Sun Holdings to hold 60.0% stake post issuance• Existing promoters to hold 13.3% stake post issuance
Board composition	<ul style="list-style-type: none">• Rising Sun Holdings to nominate Mr. Adar Poonawalla as the Chairman of the Board• Mr. Abhay Bhutada, presently MD and CEO of Poonawalla Finance is proposed to be appointed as the Managing Director• Mr. Sanjay Chamria to continue on the Board of the Company as the Executive Vice Chairman

Salient features of the transaction (2/2)

Particulars	Details
Management Team	<ul style="list-style-type: none">• Strengthening of the management team through the induction of key talent including a professional CEO and COO from amongst the best in the industry
Rebranding of the Company	<ul style="list-style-type: none">• Magma Fincorp and its subsidiaries shall be renamed and branded under the Poonawalla Finance brand• Existing financial services business of Poonawalla Finance is proposed to be consolidated, subject to compliance with extant regulations
Regulatory approvals	<ul style="list-style-type: none">• The transaction is subject to applicable statutory and regulatory approvals

Benefits of the transaction

- The preferential issue would result in the infusion of Rs. 3,456 crores of straight equity into the Company, thereby augmenting the networth in excess of Rs. 6,300 crores, enhancing the capital adequacy from 28% as of 31 December 2020 to 68% post issuance
- The acquisition of a controlling stake together with huge capital infusion would have positive impact on the all stakeholders such as employees, lenders, customers and shareholders
- Backing of a strong corporate group is also likely to have a positive impact on credit ratings, and would lower the cost of funds
- This would allow the company to offer loans at competitive yields, to a higher quality customer, leading to a structural improvement in asset quality, reduction in credit costs and therefore enhanced profitability
- Further leveraging of the large distribution network of the company, coupled with digital lending expertise of Poonawalla Finance, would help in reaping operational synergies and is expected to lower opex
- The transaction is also expected to have a positive impact on the company's market presence, creating a preferred brand for customers and employees alike

Advisors to the transaction

Particulars	Details
Advisors to Magma Fincorp	<ul style="list-style-type: none">• Exclusive financial advisor - Deloitte Touche Tohmatsu India LLP• Legal advisor - Wadia Ghandy & Co• Advisor on Company Law matters - Vinod Kothari & Co
Advisors to Rising Sun Holdings	<ul style="list-style-type: none">• Tax and Transaction advisor – Economic Laws Practice• Legal advisor – Khaitan & Co• Manager to the Open Offer – Axis Capital

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