

December 14, 2022

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 - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Pursuant to Regulation 30 of the SEBI Listing Regulations, please find enclosed press release on sale of its housing subsidiary Poonawalla Housing Finance Limited to TPG (Perseus SG Pte. Ltd., an entity affiliated with TPG Global, LLC).

Kindly take the above intimation on record.

Thanking You,

Yours faithfully,

For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)

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by SHABNUM
ZAMAN
Date: 2022.12.14
19:30:22 +05'30'

Shabnum Zaman
Company Secretary
ACS-13918

Poonawalla Fincorp Limited
(Formerly known as Magma Fincorp Limited)
CIN: L51504PN1978PLC209007

Registered Office: 201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411 036
T: +91 20 67808090 | **E:** info@poonawallafincorp.com | **W:** www.poonawallafincorp.com

PRESS RELEASE

Poonawalla Fincorp announces sale of its Housing Subsidiary to TPG for INR 3,900 Crores

Poonawalla Fincorp to focus on Tech-Led growth across financial services

Pune, December 14, 2022: Poonawalla Fincorp Limited, today in its board meeting approved sale of its housing subsidiary Poonawalla Housing Finance Limited to TPG (Perseus SG Pte. Ltd., an entity affiliated with TPG Global, LLC) at a valuation of INR 3,900 Crores, subject to regulatory approvals. The transaction will maximize the shareholders' value in the long term as Poonawalla Fincorp focusses on building a Tech-Led and Digital-First financial services company, with leadership in consumer & MSME financing. Poonawalla Fincorp will continue to work towards achieving its stated Vision 2025 at a standalone level with focus on Growth, Asset Quality and Profitability.

Rationale behind the transaction

The value unlocking of the housing finance subsidiary was one of the stated objectives in the company's Vision 2025 statement. In line with that, company started the process by looking at part dilution and price discovery. The company received tremendous response with proposals including those for a full stake buyout. Post an exhaustive strategic review of the proposals, the board decided that complete stake sale would be in the best interest of both the entities and all stakeholders considering the different customer segments, geographies, and distribution model. This transaction will help focus on maximizing value creation by optimizing resource allocation and increasing management focus on their respective business needs.

With the rapidly growing digital eco-system, Poonawalla Fincorp (standalone) sees tremendous growth opportunities in its current and proposed line of businesses. The digitization further complements innovation in products, customer experience and engagement. It will continue to build a strong retail franchise in consumer and MSME financing.

Poonawalla Fincorp Limited (Standalone Basis): Way Forward

- 1. Focus on Tech-led growth:** The company will focus on growth in the chosen segments leveraging technology and digital capabilities. The company aspires to achieve AUM growth of 35-40% y-o-y over the next 3 years.

- 2. Sustained Superior Profitability:** With focus on risk calibrated growth and operational efficiencies, the company will work towards achieving consistent RoA in the range of 4% to 4.5%.
- 3. Best in class Asset Quality:** With prudent underwriting and collection capabilities, we expect to maintain Net NPA below 1%.
- 4. Opex Reduction:** The company will continue to drive consolidation of its branches, manpower and create an efficient structure in line with its growth strategy.
- 5. Capitalization & Cost of Borrowing:** The company is already well capitalized and has one of the lowest cost of borrowings amongst its peers. This transaction will further strengthen it for exponential growth over the next 5 to 7 years.
- 6. Strategic Investments / Acquisitions:** Considering company's large capital base, it is well poised to explore deep investments in technology and analytics through both organic and inorganic routes.

Adar Poonawalla, Chairman, Poonawalla Fincorp, said: “Financial services business is of strategic importance to us, and we stay fully committed towards creating value for all our stakeholders and building Poonawalla Fincorp into a new age financial services player of choice. Poonawalla Fincorp will continue to focus on its growth coming from Tech-Led businesses and a branch-lite model while Poonawalla Housing will follow its own differentiated path as a completely independent business. As a global leading investment firm, TPGs experience in building and supporting leading financial services companies will add greater value to Poonawalla Housing.”

Abhay Bhutada, Managing Director, Poonawalla Fincorp, said: “The transaction would further support our growth strategy, given the huge market opportunity and our demonstrated execution excellence. Our chosen segments of consumer and MSME will continue to have healthy growth and we are confident that we will further accelerate our growth story by bringing innovative customer-centric solutions. We remain committed towards achieving our stated Vision 2025, with our focus on product diversification, innovation and superior customer experience complemented by best-in-class technology and analytics.”

About Poonawalla Fincorp

Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited) (“the Company”) is a Cyrus Poonawalla group promoted 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 BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). Consequent to the capital raise of INR 3,456 Crores in May-2021, the Company is now part of the Cyrus Poonawalla Group with majority stake owned by Rising Sun Holdings Private Limited, a company owned and controlled by Mr. Adar Poonawalla.

The Company’s new identity “P” stands for Passion, Principles, Purpose, People and Possibilities. The Company has a widespread coverage with PAN India presence. The Company along with its subsidiary has AUM of INR 18,560 Crores and employs more than 4,000 people. The Company’s financial services offerings include pre-owned car finance, personal loans, loan to professionals, business loans, SME LAP, supply chain finance, medical equipment, consumer loans and affordable home loans.

For more information, please log on to: www.poonawallafincorp.com
For media queries contact: corporatecommunications@poonawallafincorp.com