

8 July 2020

The Secretary,
BSE Limited
25th Floor, P. J. Towers, Dalal Street, Fort,
Mumbai -400001

Scrip CodeNo.524000

Asst. Vice President,
National Stock Exchange of India Limited
“Exchange Plaza”,
Bandra-Kurla Complex, Bandra (E),
Mumbai –400 051

Symbol :“MAGMA”

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

Dear Sirs,

Pursuant to the Securities and Exchange Board of India circular bearing reference number SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, regarding “Advisory on disclosure of material impact of COVID–19 pandemic”, we request you to take note of the following:

- 1) Magma has as on date **resumed operations in roughly 94% of its branches**. Disbursements have gradually resumed in June 2020, after being limited in April-May 2020. The Company expects business to return to normalcy nearer to the onset of the festival season in October 2020. Moratorium was opted for by 73% of customers, while **Magma hasn't opted for any moratorium from its lenders**.
- 2) **The Company has adequate liquidity buffer of over Rs 1,750 crores as on 30th June 2020** and is comfortably placed in terms of liquidity to service its liability repayments and continue normal disbursements.
- 3) The Company vide its earlier communications dated 24th March 2020 and 08th May, 2020, regarding COVID-19 outbreak provided updates on Business Continuity Plan, Work From Home & Employee safety and wellbeing, resuming operations in a gradual and phased manner, Customer interface and Liquidity. Further, vide our communication dated 23rd June 2020, provided comprehensive update to our investors with respect to Employee safety and welfare programs, Customer engagement and support in these times of crisis, Digitalized platform for contact less lending and collections, Prudent Liquidity management, Opex control, Portfolio quality and Capital preservation.
- 4) In accordance with the requirements of the aforesaid circular the necessary disclosures pertaining to the impact of COVID–19 pandemic on the business, performance and financials.

Additionally, certain key parameters for the month are given in **Annexure 1**.

SI No.	Requirement of the Circular	Particulars
1	Impact of the COVID-19 pandemic on the business	<p>The pandemic COVID-19 has led to the disruption of businesses and economic activity across the globe.</p> <p>The Company's business has also been adversely impacted both in terms of disbursals as well as collections since the last week of March 2020. Disbursements were limited in April-May 2020 and have gradually resumed in June 2020. We expect the business to return to normalcy nearer to the onset of the festival season in October 2020.</p> <p>The Company has taken a calibrated approach towards extending the second moratorium to its customer, after assessing customers' cash flows etc. Number of customers opting for moratorium 2.0 has significantly reduced to 46 % in June 2020.</p> <p>With excellent Asset Liability Matching and comfortable liquidity position, the Company decided not to avail moratorium on any of its borrowings during the entire period of March till August 20.</p>
2	Ability to maintain operations including the factories/units/office spaces functioning and closed down;	<p>The Company established personal contact with over 75% of its total customers totalling to over 3.0 lac during April - May to enquire about their own and family health, impact of lockdown on deployment of assets, cash flow situation and with regards to supporting them in any way.</p> <p>The Company predominantly operates in semi urban and rural areas, which are relatively less impacted. With gradual unlocking of the economy, the Company has resumed operations in roughly 94% of its branches. and more than 95% of its field staff is now operating in a 'Business as Usual' environment. The supervisory staff and managers have been operating from their homes and going to office as required and using secure networks to access the data and reports which are available throughout 24/7.</p> <p>All our customers are being facilitated through SMS and calls from the call centre to move to digital payment modes. Videos to promote digital repayment of EMI through Mobile and Internet payment facilities have been circulated to the customers.</p> <p>All Field Officers, Supervisors and the team of Tele-callers are in regular touch with the customers over phone.</p>
3	Schedule, if any, for restarting the operations;	Roughly 94% of Company's branches have resumed operations and are functioning in accordance with the

Sl No.	Requirement of the Circular	Particulars
		directives issued by the Central, State Government and Local Administration Guidelines.
4	Steps taken to ensure smooth functioning of operations;	<p>Each business and support function had developed Standard Operating Procedures (SOPs) on work from home and conducted online training through multiple sessions. The leadership conducts daily huddles to review and ensure people safety, and collections to the extent possible using digital platforms.</p> <p>Employee safety remains our top priority and we have developed SOPs for the same and all branches have been following the same strictly.</p>
5	Estimation of the future impact of COVID-19 on its operations;	<p>The Company has been early in adopting digitization, with end to end digital loan processing powered by rule engines which processes over 2/3rd of credit underwriting on a real time, straight through process which is digitally approved. While the SME business is completely digitized from lead to disbursal, Mortgage business has just started disbursing under its new Loan Origination System and ABF business roll out is underway.</p> <p>Enhanced digital collection efforts, along with customer education on the usage of digital mediums has helped collections during the lockdown. As of now 75% of the collections is done digitally.</p> <p>The Company is on track to significantly increase its digitally enabled lending and collections.</p> <p>The Company's strategy to focus in the last few years on used assets will help it strengthen its position during the current crisis, as the used assets & tractor demand is expected to increase.</p> <p>Further the company in last few years has increased its customer engagement which resulted in a 62% increase in cross-sell volumes to its own customers.</p> <p>However, considering the uncertainty of COVID-19 and its impact on the economy the business volumes are expected to be lower than last year.</p>
6	Details of impact of COVID-19 on listed entity's:	
a.	Capital and financial resources	The Company has a healthy capital adequacy of 25.9% as of 31st March 2020 as against a regulatory requirement of

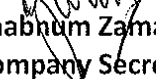
Sl No.	Requirement of the Circular	Particulars
		<p>15%.</p> <p>The Tier 1 capital of the company was 23% as on March 31, 2020, vs regulatory requirement of 10%.</p> <p>The Company believes that it has adequate capital and financial resources for its targeted growth.</p>
b.	Profitability	<p>COVID-19 is once in a century event and its effect is beyond comprehension due to the uncertainty of its spread and availability of solutions to control the pandemic.</p> <p>While the external environment is uncertain, the Company has initiated various digitization and cost rationalization measures and expects significant benefits of cost reduction from the same.</p> <p>The cost of borrowings has started softening compared to FY20 when it rose substantially due to the liquidity crisis and the structural change in ALM by the Company. The Company expects a significant reduction in its cost of borrowings for FY21.</p> <p>The Company expects the performance to improve progressively as the economic activity returns to pre COVID levels.</p>
c.	Liquidity position and ability to service debts	<p>While the Company offered the moratorium to all its customers, the Company did not opt for moratorium from its lenders and continues to service its obligations normally.</p> <p>As on 30th June 2020, the Company has adequate liquidity buffers of over Rs 1,750 crores, and the Company is comfortably placed in terms of liquidity to service its borrowings and continue normal disbursements.</p> <p>The Company is well placed to service all its debts in a timely manner.</p>
d.	Assets	<p>The Company has continuously engaged with the customers and has assessed recoverability of the assets and receivables. The company's 97% asset receivables are either covered by collateral or by Credit guarantee schemes of the Government of India.</p> <p>The Company has made upfront provision of Rs 117 Crore for any probable impairment, considering the impact of</p>

Sl No.	Requirement of the Circular	Particulars
		<p>COVID-19 using the expected credit loss model under IndAS.</p> <p>While the Company has taken a conservative scenario to estimate the provision adequacy, the actual impact may vary depending on future developments and economic impact. The Company will review the adequacy of its provisions every quarter as the external situation unfolds.</p> <p>We are amongst the first companies off the block to disburse additional loans under ECGLS launched by the Govt. of India.</p>
e.	Internal financial reporting and control	The Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations.
f.	Demand for its products/services	<p>While it is difficult to gauge the economic impact of COVID-19, the company expects that the demand for new vehicles will be significantly lower year on year.</p> <p>Over the last few years, the Company had shifted its focus towards used vehicles, and expects that the Used Assets segment shall be relatively less impacted.</p> <p>The Affordable housing demand is good, and the Company expects near normal disbursement from July 2020 onwards.</p>
7	Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business;	No liability devolves on the Company from any financial or non-financial contracts/ agreements due to non-fulfillment of its obligations.

We hereby request you to take the above information on record.

Thanking You,

For Magma Fincorp Limited


Shabnum Zaman
 Company Secretary

Annexure 1

Liquidity as on 30th June 2020	Over Rs 1750 Crores
Moratorium % for June 2020	46%
Collection Efficiency for June 2020	107%
Disbursement for June 2020	Rs 124 Crores

The above numbers are approximate first estimates. Numbers are on consolidated basis.