

***Towards a Robust,
Sustainable and
Profitable Growth***



Magma Fincorp Limited
Investor Presentation – Q2 FY20

1 **Company Overview**

2 **Financial Performance – Q2 FY20**

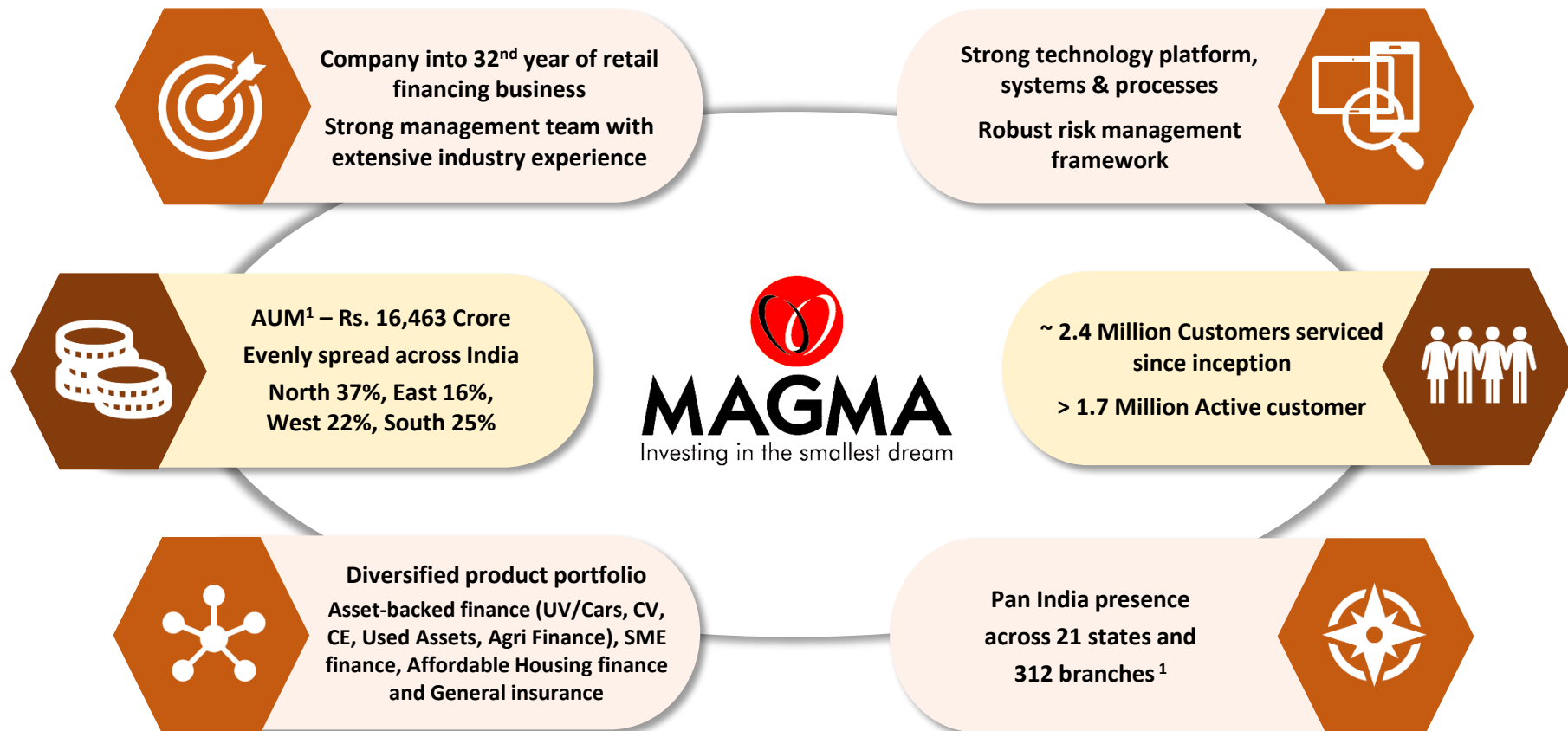
3 **Business Strategy**

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.



UV – Utility Vehicles, CV – Commercial Vehicles, CE – Construction Equipment

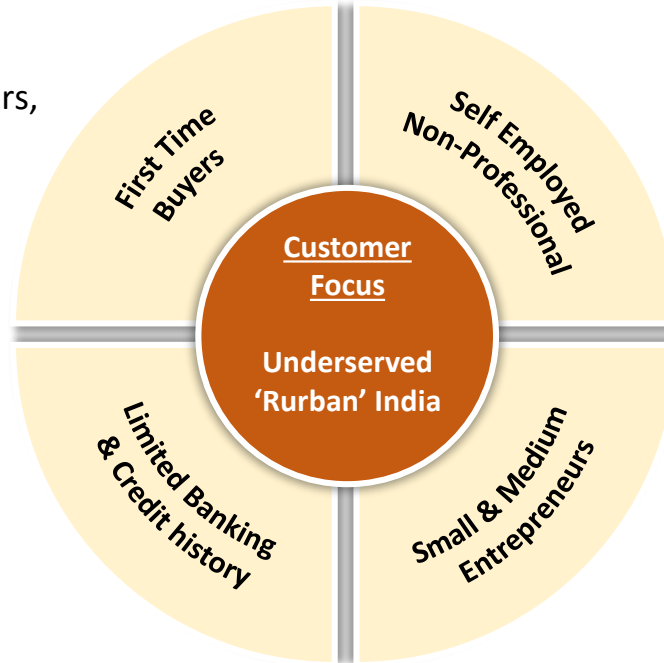
1 – AS on 30th September, 2019

Provide Financing Solutions to Underbanked Customers in 'Rurban' India

Recognised and Trusted Brand in 'Rurban' India

- Taxi / Truck driver / operators, Small Farmers

- Customers with informal income and low eligibility for bank loans



- Self employed customer with informal income sources (Home / Car buyer)

- Small trader, factory owner, shop owner with working capital needs
- Small fleet operator

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		
		First Time Buyers	Self Employed Non Professionals	Small & Medium Entrepreneurs	Limited banking / credit history	Average Ticket Size (Rs lakh)	Average Loan to Value Ratio	Average Tenure (months)
Financing & General Insurance Solutions	ABF: Commercial Finance	●	●	●	●	4-6	75-80%	40-45
	ABF: Agri Finance	●	●		●	3-4	65-70%	45-50
	SME Finance		●	●	●	17-20	N/A	30-35
	AHF: Affordable Housing Finance	●	●	●	●	9-12	50-60%	150-180
	General Insurance	●	●	●	●			

Numbers indicative of disbursements done during Q2 FY20

Commercial Finance includes trucks, construction equipment, UVs & Cars

SME Finance includes Unsecured Loans to Business Enterprises;

Agri Finance includes Tractors

Affordable Housing Finance includes Home Loans and Loan against property

A well diversified portfolio across segment and geography

Diverse Product Offerings

Asset Backed Finance (ABF)

AUM¹: Rs. 10,923 crs



Total AUM¹ :

Rs. 16,463 crs

SME Finance
AUM¹: Rs. 2,000 crs



Affordable Housing Finance (AHF)*

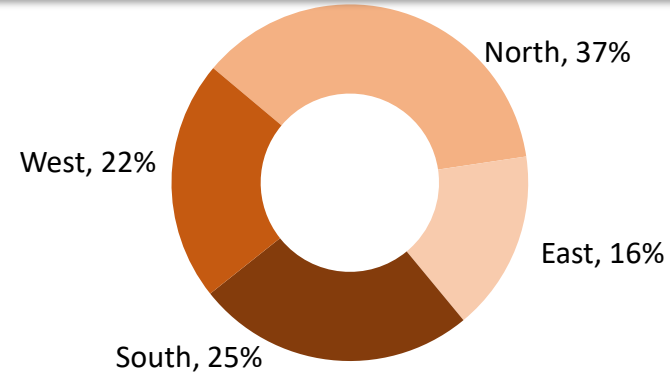
AUM¹: Rs. 3,540 crs



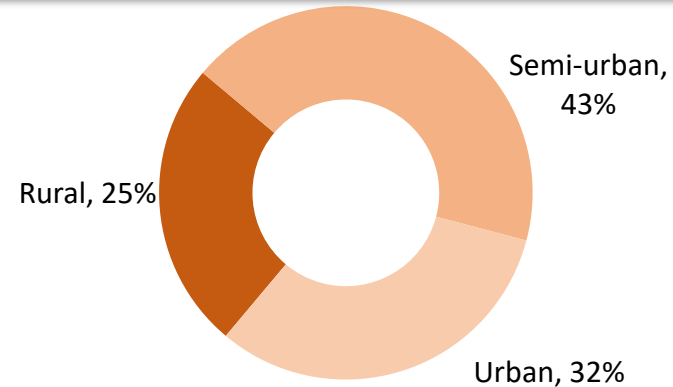
General Insurance
GWP²: Rs. 300 crs



Zone-wise Breakup



Rural-Urban Breakup



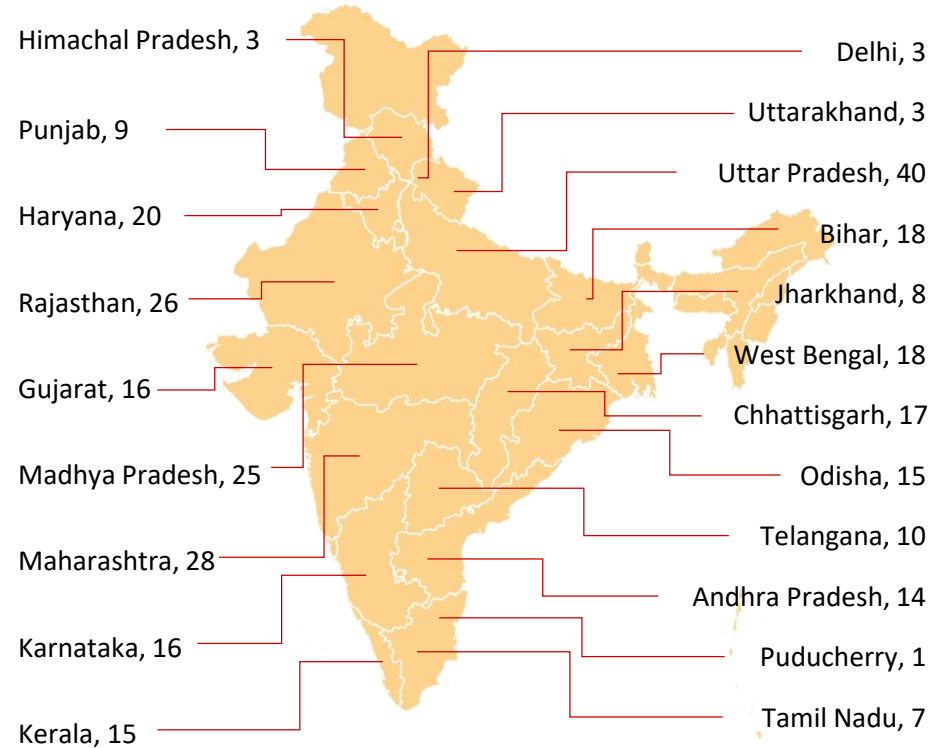
1 - As of 30thSeptember 2019; 2 - Q2 FY20

* Split between MFL (Rs. 643 crs) and MHF (Rs. 2,897 crs)

Asset Light Branch Network

- **Wide retail presence through hub and spoke model**
- **Technology solutions** enable FOS to conduct business from channel/customer location leading to better sales productivity, better market coverage, improved 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

312 Branches as on 30th September, 2019





Integrity

Do the right thing (end), the right way (means) all the time



Collaboration

Invite ideas and inspiration for all



Respect

Treat people equally

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- Continued liquidity crisis in financial sector since Sep-18 has resulted in broader economic slowdown impacting all sectors of economy
- RBI cut rates by 135 bps but rate transmission was muted due to risk aversion towards NBFC's
- Liquidity gradually opening up due to government intervention
- GDP growth of 5% in Q1 FY20 vs 6.8% in FY19
- Falling Auto sales coupled with floods in multiple states, and reduced load for trucks impacted both fresh demand and portfolio performance
- Affordable Housing continued to grow, although unsold inventory caused issues in larger cities, particularly in luxury and middle income segments
- SME Credit has de-grown due to economic slowdown in H1 FY20

Maintain adequate liquidity and ensure ALM matching:

- Rs. 2,136 crs of long term funds raised in Q2 FY20; Retired all short term loans at the end of the second quarter
- Substantially strengthened ALM position, with very comfortable liquidity in each time bucket at end of the quarter
- 70% of new originations eligible for priority sector provide opportunity for Securitization, Assignment and On-lending

Regain interest spread lost due to increase in Cost of Funds

- NIS on incremental disbursal improved to 5.9% in Q2 (5.5% in Q1); Expect it to further increase by ~60 bps to 6.5% in Q4 FY20
- Prudent change in Disbursement Mix towards better yielding products and risk-based pricing to protect NIMs

Product realignment with risk mitigation

- Share of Affordable Housing in AUM grows to 22% from 17% YoY
- Share of Used Assets in AUM grows to 21% from 17% YoY
- Focus on growing Affordable Housing & Used Assets consistently

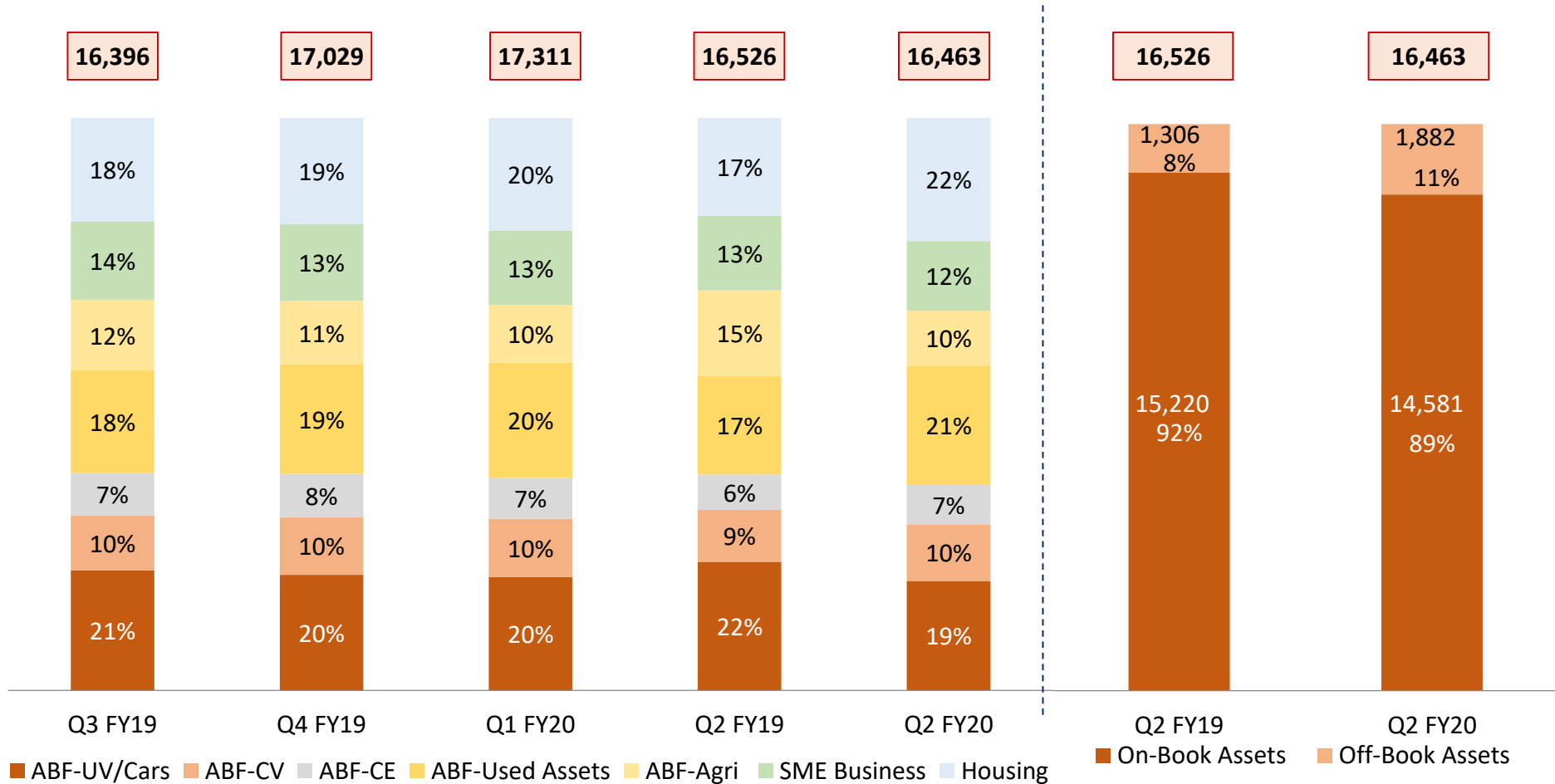
Maintain Asset Quality:

- GNPA increase restricted to specific products/geographies despite external headwinds; Significant roll backs expected over time
- Collection efficiency improved to 97.5% in Q2 FY20 (96.1% in Q1 FY20) albeit lower than 100.6% in Q2 FY19

Key Highlights Q2 FY20

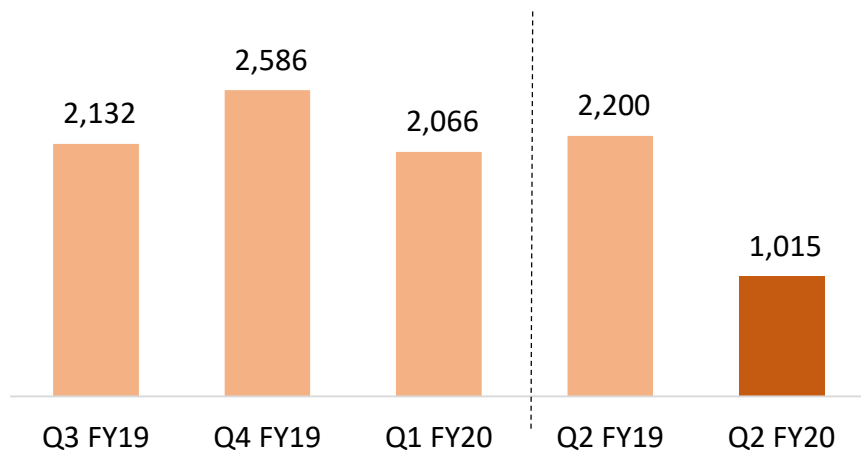
Parameter	Q2 FY19	Q2 FY20	YoY	Observations
AUM	Rs. 16,526 crs	Rs. 16,463 crs	-0.4%	Lower disbursement in Q2FY20 to manage liquidity. Disbursement to bounce back in Q3. Exit AUM FY20 to be at similar level YoY.
Gross NPA	8.7%	6.4%	2.3%	NPA ratios below last year level in spite of customers' struggle with low utilisation of assets due to economic slowdown.
Net NPA	4.3%	4.2%	0.1%	
Disbursement IRR	15.3%	16.3%	1.0%	Improvement in IRR as focus in ABF moved to Used Assets disbursement, even though share of Mortgage business jumped substantially
NIM	9.0%	7.9%	-1.1%	NIM compression entirely due to increase in Cost of Funds. Incremental borrowings expected at 50-75 bps lower rates. Overall CoF expected to rise marginally in Q3FY20, flatten in Q4FY20 and decline from Q1FY21 onwards.
NCL	2.2%	2.9%	-0.7%	Higher than estimated NCL largely due to temporary impact on CV customer cash flows and restricted mobility due to floods in Sep.
Opex Ratio	4.2%	4.1%	0.1%	Reduction in absolute Opex achieved through conscious and prudent cost management.

Assets Under Management (AUM)



Values in Rs crore

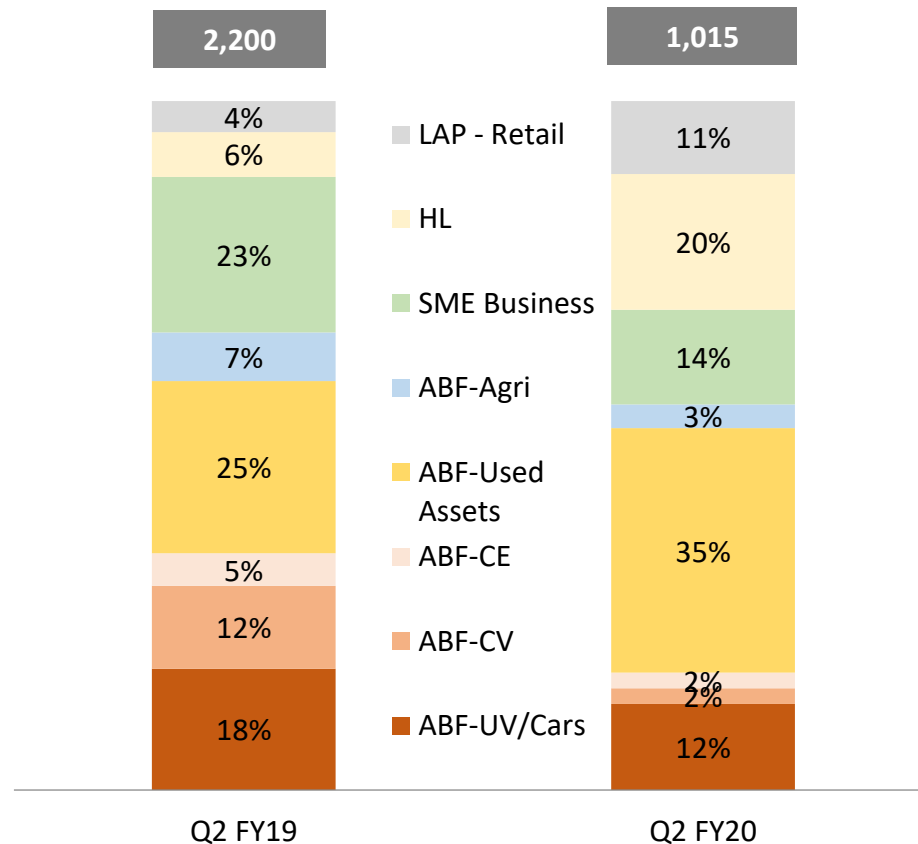
QoQ growth in Disbursement



- Increase in contribution of core products, i.e., Used assets, SME and Mortgage from 58% to 80%
- Deliberate slowdown in Disbursals in Q2, to transition to 100% Long Term liabilities, comfortable ALM matching and adequate liquidity as on 30.09. 2019

Values in Rs crore

YoY Change in Disbursement Mix



Particulars	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY19	Q2 FY20
Gross Stage 1 and Stage 2 Assets	13,913	14,898	15282	13,895	13,653
ECL Provision – Stage 1 and 2	333	293	300	348	286
Stage 1 and Stage 2 Coverage Ratio (%)	2.4%	2.0%	2.0%	2.5%	2.1%
Gross Stage 3 Assets	910	747	814	1,326	928
Net Stage 3 Assets	586	472	523	631	599
Gross Stage 3 Assets (%) (~ GNPA)	6.1%	4.8%	5.1%	8.7%	6.4%
Net Stage 3 Assets (%) (~NNPA)	4.0%	3.1%	3.3%	4.3%	4.2%
Stage 3 Coverage Ratio (%)	35.6%	36.8%	35.8%	52.4%	35.4%

- NPA ratios better than Q2 FY19.
- Inflated increase in NPA ratios over Q1 due to reduced denominator (AUM) on account of lower disbursal in Q2 coupled with Direct Assignment in end September 2019.
- 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.

Credit Losses – Marginally lower than Q1; further recovery expected in Q3-Q4

Collection efficiency impacted by seasonality, floods and weak macros

YoY

- ~70% increase in Stage 3 Assets contributed by CV and CE, which contribute ~25% of total AUM
- ~60% increase in Stage 3 Assets contributed by UP, WB, AP and Bihar states, which comprise ~30% of total AUM
- Lower roll forwards into 90+ but significantly lesser roll backs

QoQ

- Limited improvement in provisioning due to higher roll forwards into 90+ in September
- Proactive settlement & repo strategy to protect assets led to higher losses

Q3 & Q4 expected to be significantly superior in line with historical trends.

Expect higher clawback upon improvement in economic scenario.

Table A

Rs. Crs

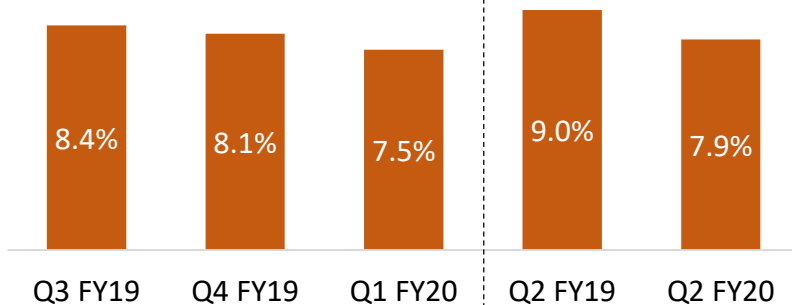
Particulars	Q1 FY20	Q2 FY19	Q2 FY20
Net ECL Provision*	85.9	30.4	72.0
Loss on Settlement/ Repo	42.8	56.9	50.5
NCL	128.7	87.2	122.5
Collection Efficiency	96.1%	100.6%	97.5%
<i>*Includes movement to 100% provision bucket</i>	60.9	44.8	47.6

Table B

Rs. Crs

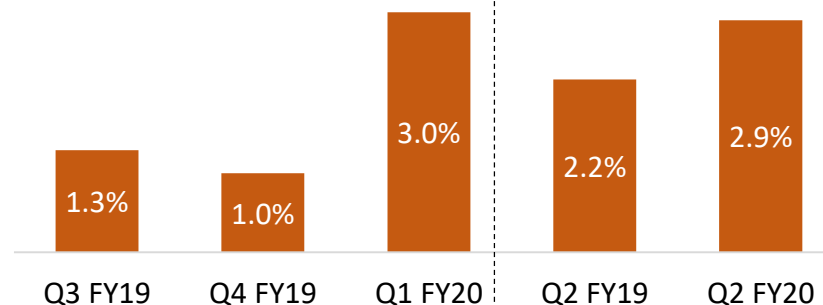
Particulars	Q1 FY20	Q2 FY19	Q2 FY20
Gross Stage 3 Assets	814	1,326	928
Provisions held	291	695	328
Net Stage 3 Assets	523	631	599
GNPA%	5.1%	8.7%	6.4%
NNPA%	3.3%	4.3%	4.2%
PCR%	35.8%	52.4%	35.4%
Stage 1 & 2 Coverage Ratio	2.0%	2.5%	2.1%
On Book AUM	16,097	15,220	14,581

NIM Analysis (% of AUM)



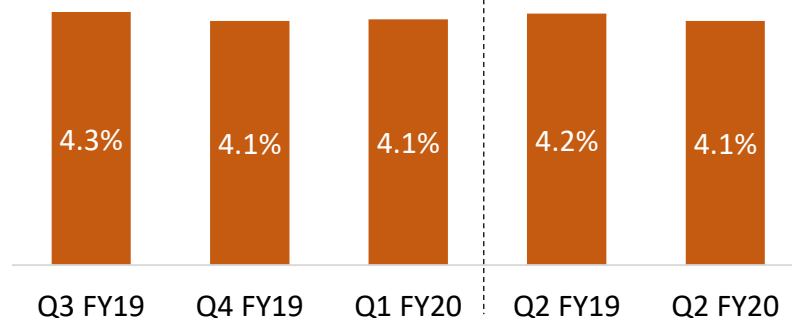
NIM: $(\text{Total Income (incl. Other Income)} - \text{Interest Expenses}) / \text{Average AUM}$

NCL (% of AUM)



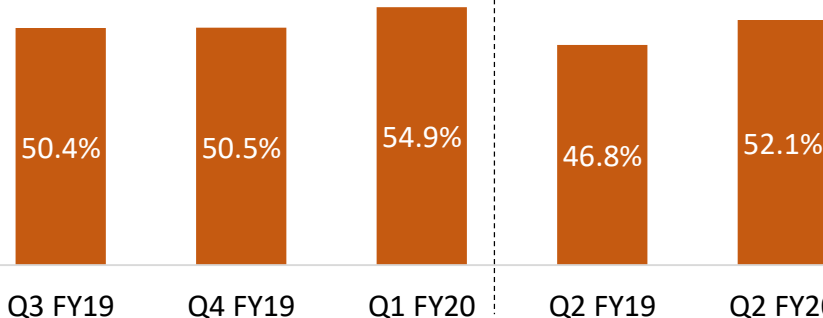
NCL: $\text{Net Credit Loss} / \text{Average AUM}$

Opex Ratio



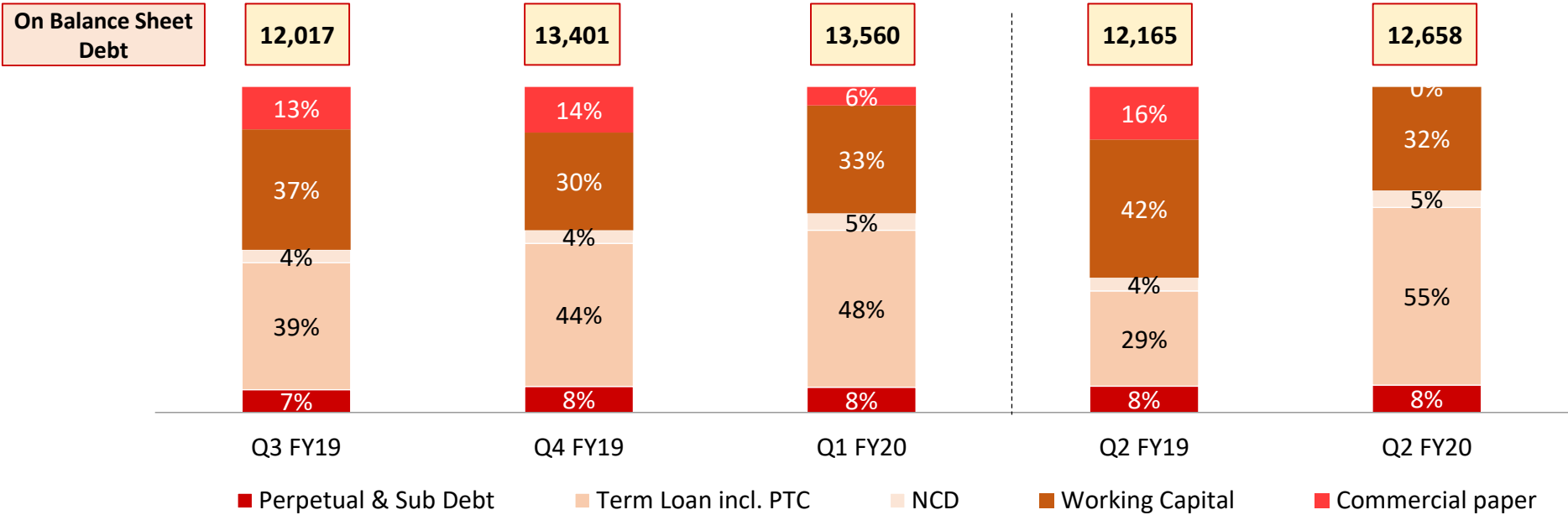
Opex: $\text{Total operating cost} / \text{Average AUM}$

Cost / Net Income (%)



Cost / Net Income% : $\text{Total operating cost} / (\text{Total Income (incl. Other Income)} - \text{Interest Expenses})$

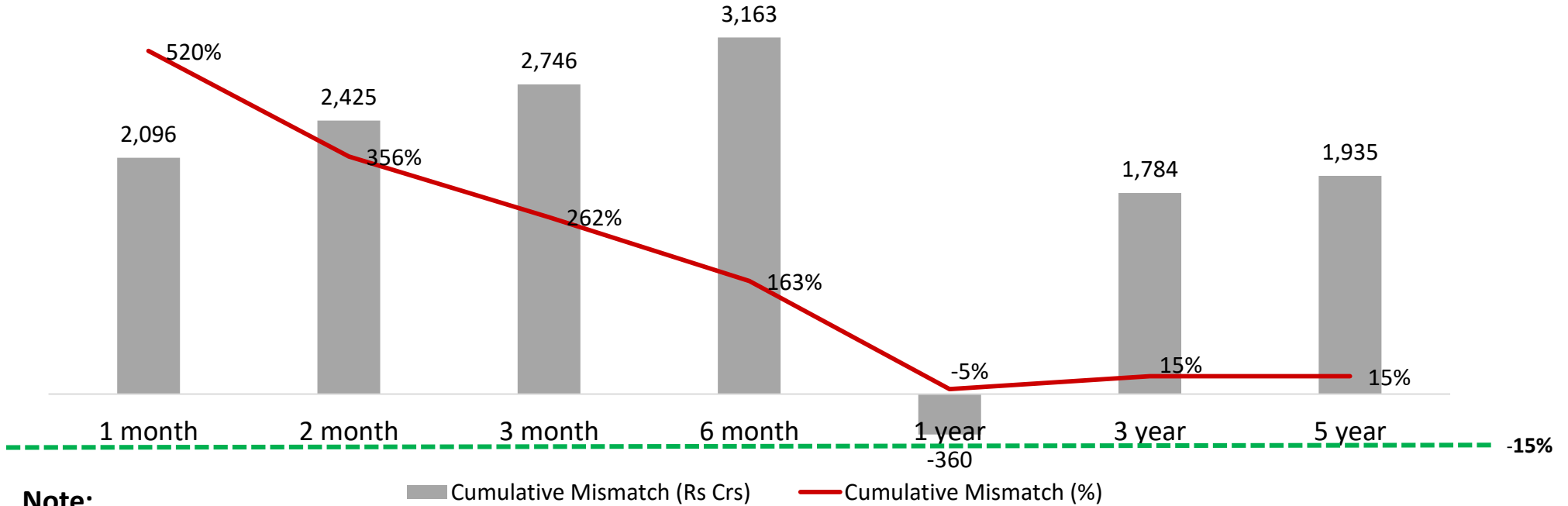
Liability Profile – Stable credit rating and Stable sources of funds



Instrument	Rating
Short term Debt	A1+ (By CARE & CRISIL)
Long term Debt	AA- (By 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).
- Source of liabilities - Banks 76%, Debt capital market 24%.

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



Note:

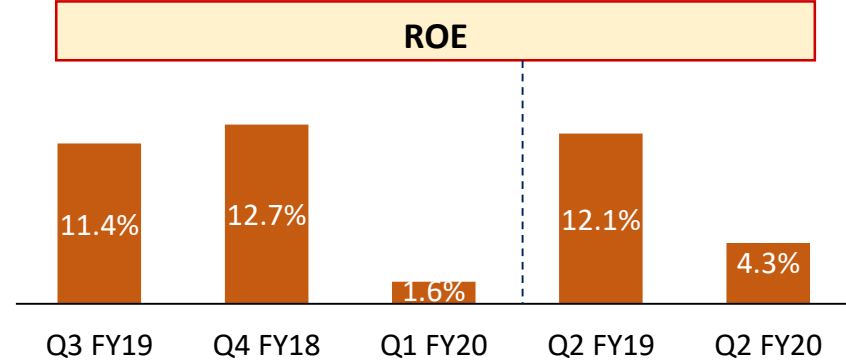
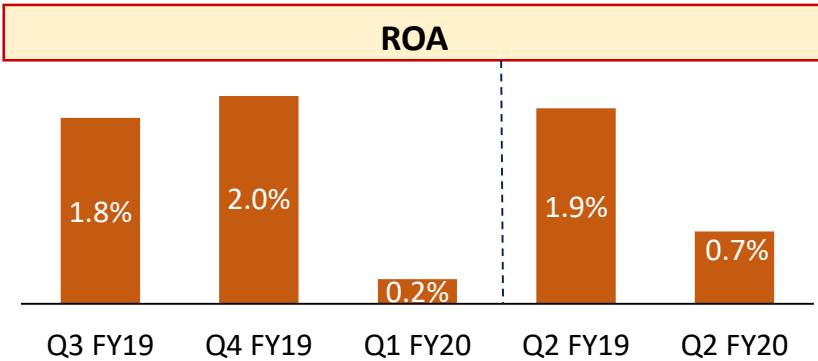
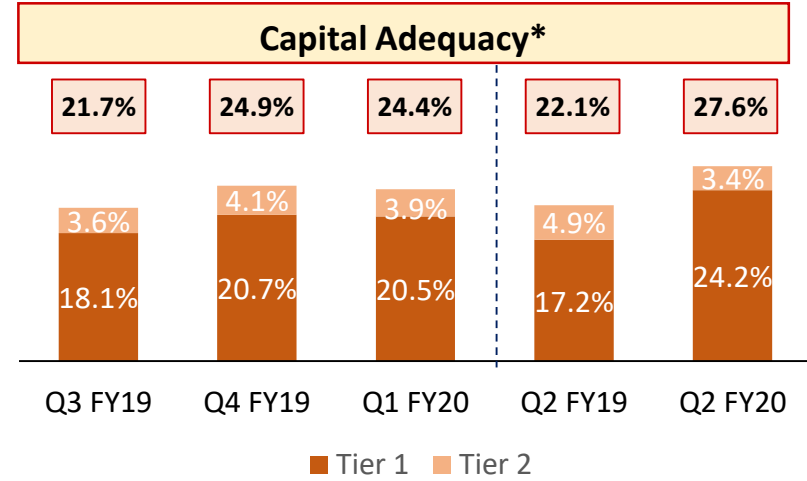
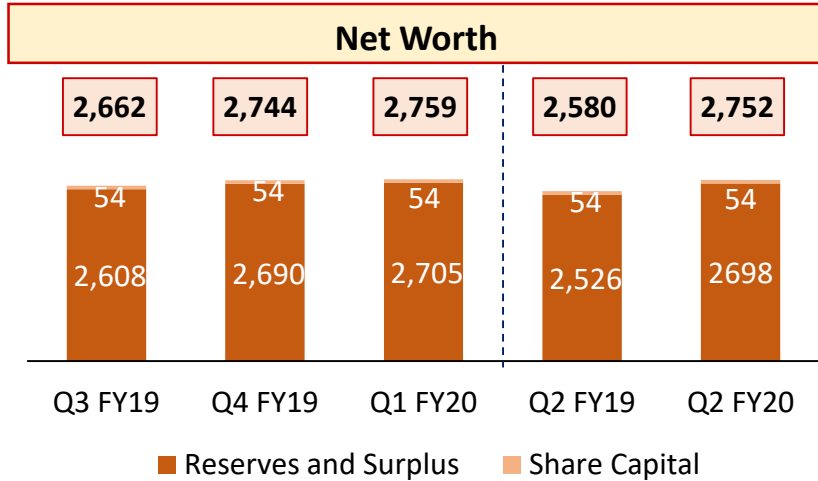
1. Working capital limits are considered as repayable in 6 - 12 months time bucket against earlier treatment of considering matched to maturity of underlying assets.
2. Behaviorally, Working Capital limits are renewed by banks every year and are thus revolving in nature. **In the scenario, working capital limits is matched to maturity, the mismatch in 6 – 12 months time bucket turns into surplus of 27%.**
3. The Company shall strive to raise additional long term funds of around Rs. 360 Cr to ensure the mismatch in 1 year time buckets turns to surplus.

ALM Policy & Liquidity Management

- Strong ALM policy to ensure adequate Liquidity at all times.
- Maintain adequate liquidity buffers to meet repayment obligations and to continue business uninterrupted for a period of **at least 1 calendar month**, assuming no fresh funding lines are available
- Perform regular Stress test – to ensure enough liquidity buffer at all times to meet repayment obligations for a period of **2 clear calendar months**, assuming no fresh disbursement and no fresh funding shall be available.
- **Liquidity Risk Management (LRM) Framework–**
 - Adequate HQLA to cover well over 100% requirement as on 30-Sep-19
 - Surplus in each of the new granular buckets i.e. 1-7 days, 8-14 days, 15-30/31 days

Diversified Sources of Funds

- Strong and Long standing relationship with more than 25 Banks developed over three decades
- Strong presence in Securitization market with Public and Private Sector Banks, Foreign Banks and Mutual Funds regularly subscribing to Company's Pass Through Certificates (PTCs).
- Proven track record in selling portfolios on Direct Assignment route with Public and Private Sector Banks.
- Have done over 246 securitization deals (both PTC & DA) for underlying Loan Principal of over Rs.44,250 crs over the past 13 years. Total securitization in Q2 FY20 is Rs. 1886 crs.



ROA- PAT (excluding OCI) / Average AUM

ROE- PAT (excluding OCI) / Average Net Worth

Values in Rs crore

* Subject to RBI guidelines

Consolidated Profit & Loss Statement

Particulars	Q2 FY20	Q1 FY20	Q2 FY19	FY19
Net Revenue	335	323	365	1,391
Expenses	175	177	171	684
Operating Profit	160	146	194	707
Net Credit Loss	123	129	87	265
Profit Before Tax	38	17	107	442
Tax	11	5	27	138
Profit After Tax	26	12	80	303
Share of profit in Joint Ventures / Associates	3	-1	-3	1
Consolidated Profit After Tax	30	11	77	304
RoA	0.7%	0.3%	1.9%	1.9%
RoE	4.3%	1.6%	12.1%	13.0%

Values in Rs crore

Consolidated Balance Sheet

Particulars	30-Sep-19	30-Sep-18	31-Mar-19
Cash and Cash Equivalents	1005	524	957
Loans and Advances	13898	14,083	15,018
Other Assets	748	650	612
Fixed Assets	207	200	203
Total Assets	15,857	15,457	16,789
Borrowings	12658	12,290	13,401
Other Liabilities	447	587	644
Share Capital	54	54	54
Reserves & Surplus	2698	2,526	2,690
Total Liabilities	15,857	15,457	16,789

Values in Rs crore

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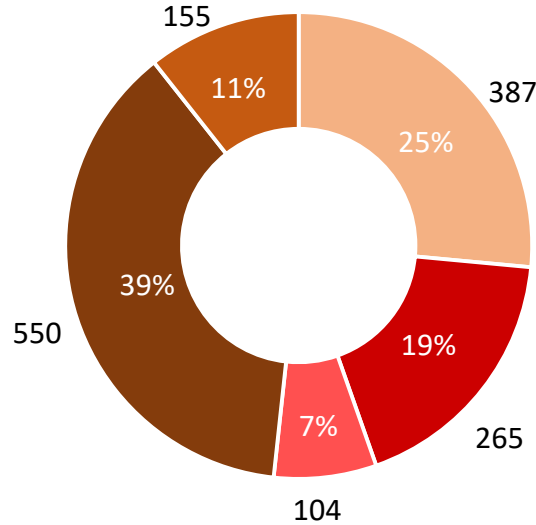
Branch & product Grading based on asset quality performance

Portfolio re-shaping by increasing contribution of focus products & customer segments

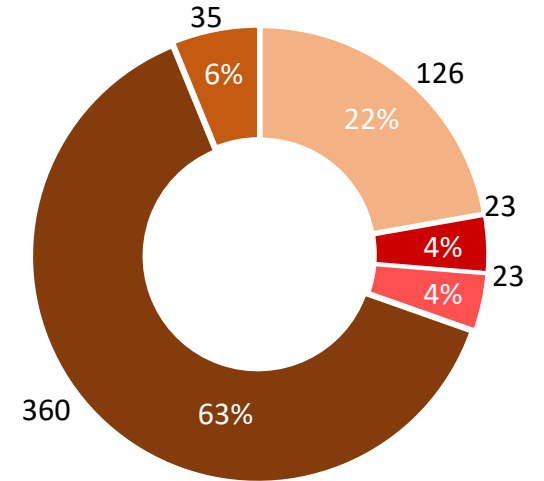
Credit Underwriting automated through a rule engine

Focus on customer retention through enhanced pre-approved offerings & processes

Q2 FY19 ABF Disbursement



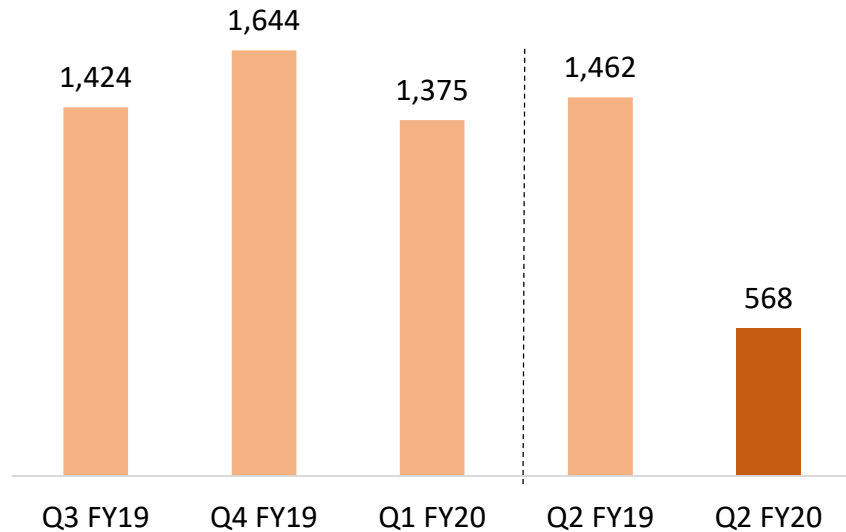
Q2 FY20 ABF Disbursement



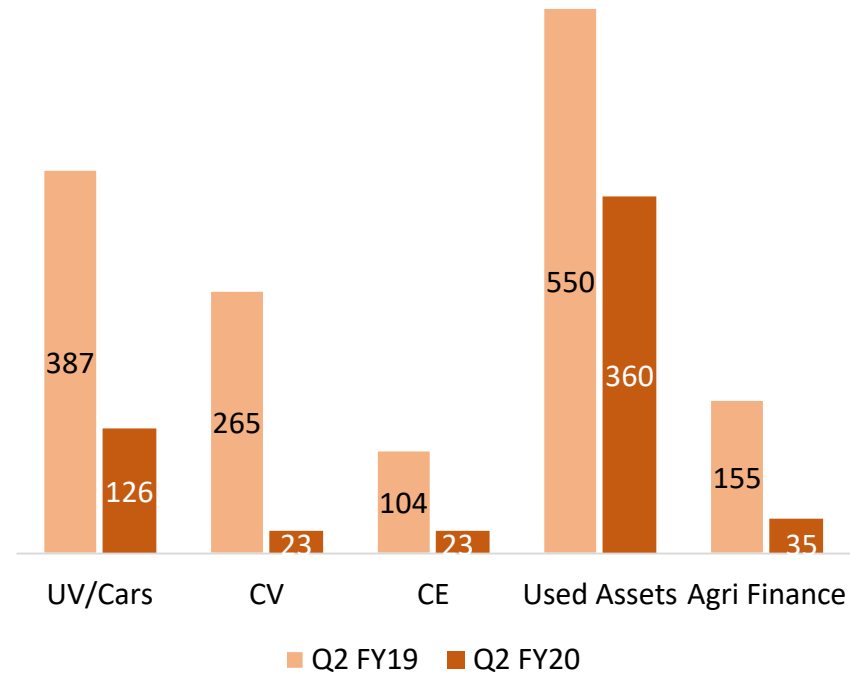
- UV/Cars
- CV
- CE
- Used Assets
- Agri Finance

- Disbursals were curtailed in Q2 FY20 on account of tightened liquidity conditions
- Used Assets disbursement contribution recorded a sharp increase to 63% in Q2 FY20

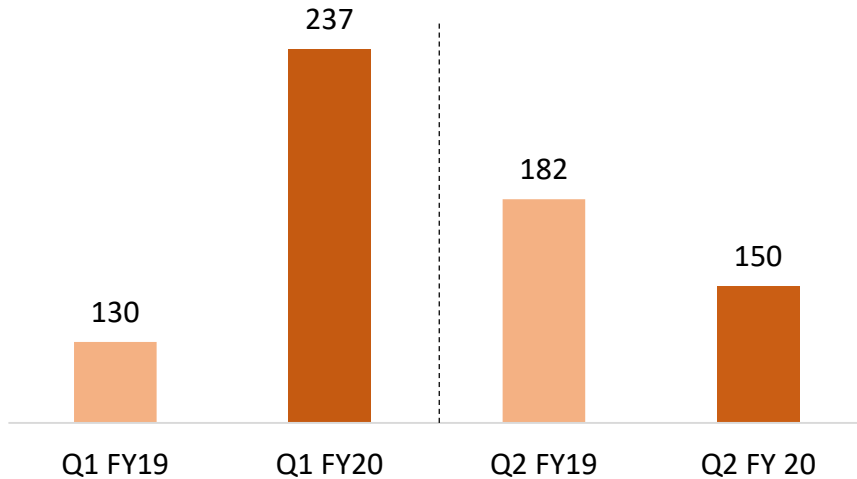
Disbursement



Disbursement Mix



Cross sell Disbursement

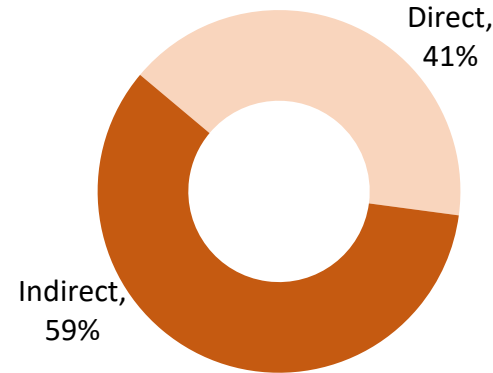


- Cross Sell performance impacted in Q2 as we moved to 100% Long Term Liabilities and desired ALM matching during the quarter.

Values in Rs crore

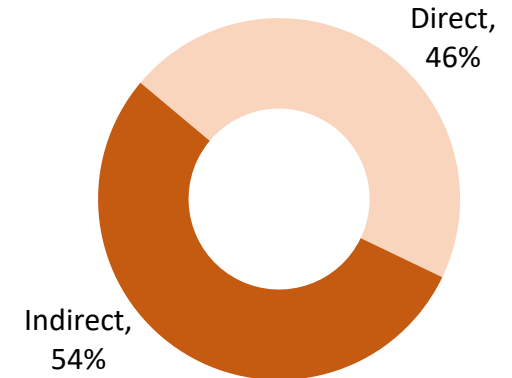
Direct Business % of total ABF Disbursal

Q2 FY19 ABF Disbursement



Rs. 1,462 crs

Q2 FY20 ABF Disbursement

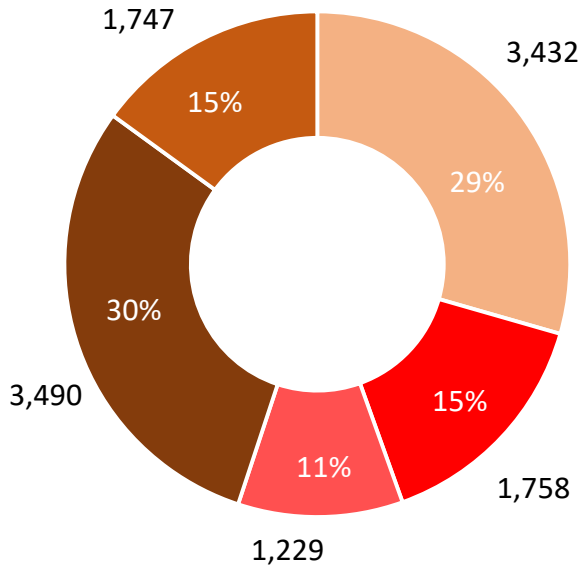


Rs. 568 crs

- Significant growth in direct business from 41% in Q2 FY19 to 46 % in Q2 FY20

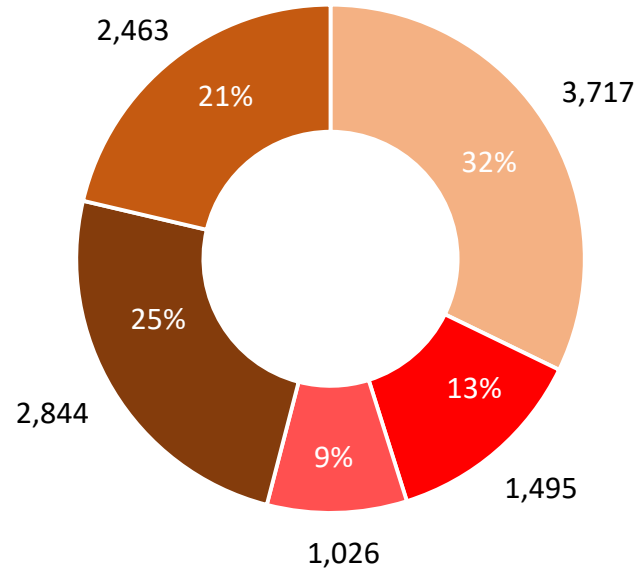
Product-wise AUM Contribution

June'19



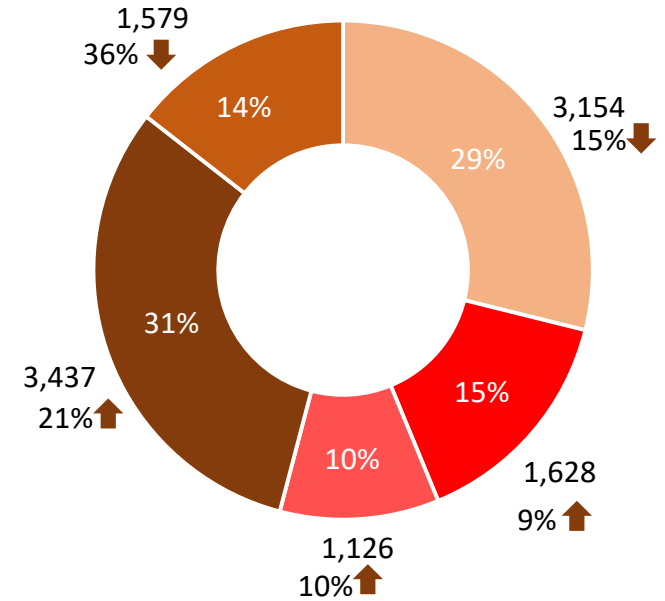
Rs. 11,655 crs

Sep'18



Rs. 11,545 crs

Sep'19

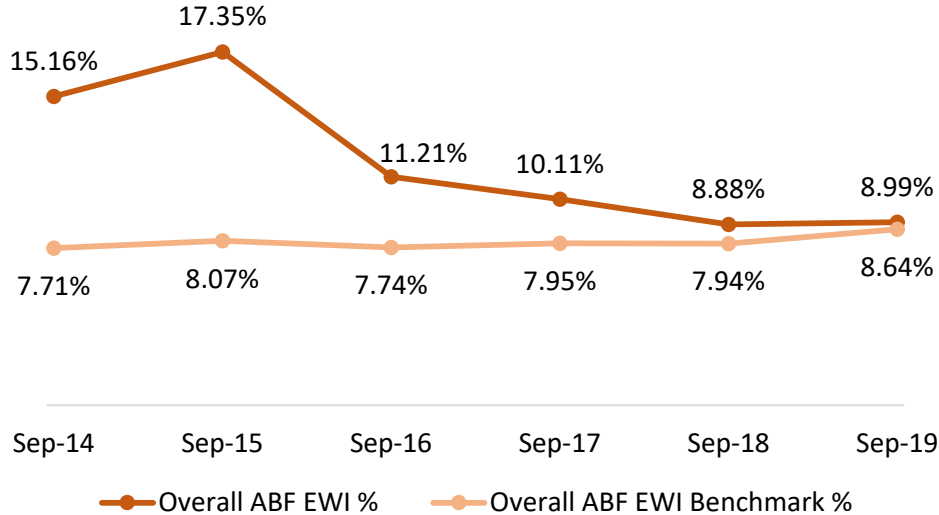


Rs. 10,923 crs

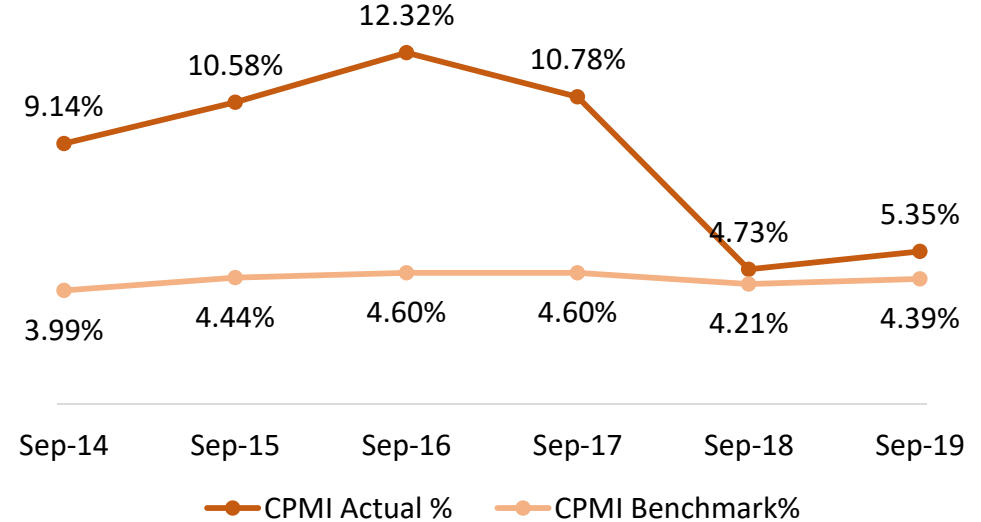
■ UV/Cars ■ CV ■ CE ■ Used Assets ■ Agri Finance

Portfolio Quality Indicators

EWI Trend for ABF



CPMI Trend for ABF



Report Quarter	Sep-14	Sep-15	Sep-16	Sep-17	Sep-18	Sep-19
EWI Actual %	15.2%	17.4%	11.2%	10.1%	8.9%	9.0%
EWI BenchMark%	7.7%	8.1%	7.7%	8.0%	7.9%	8.6%

Report Quarter	Sep-14	Sep-15	Sep-16	Sep-17	Sep-18	Sep-19
CPMI Actual %	9.1%	10.6%	12.3%	10.8%	4.7%	5.4%
CPMI BenchMark%	4.0%	4.4%	4.6%	4.6%	4.2%	4.4%

EWI: Early Warning Indicators are the 0+% of each quarterly portfolio with 1 Quarter Lag (Tractor Non-Monthly structure is with 2 Quarter Lag)

CPMI: Continuous Portfolio Monitoring Indicator is a composite index of 4 indices monitoring the 60+% movement of quarterly portfolio at different time lag

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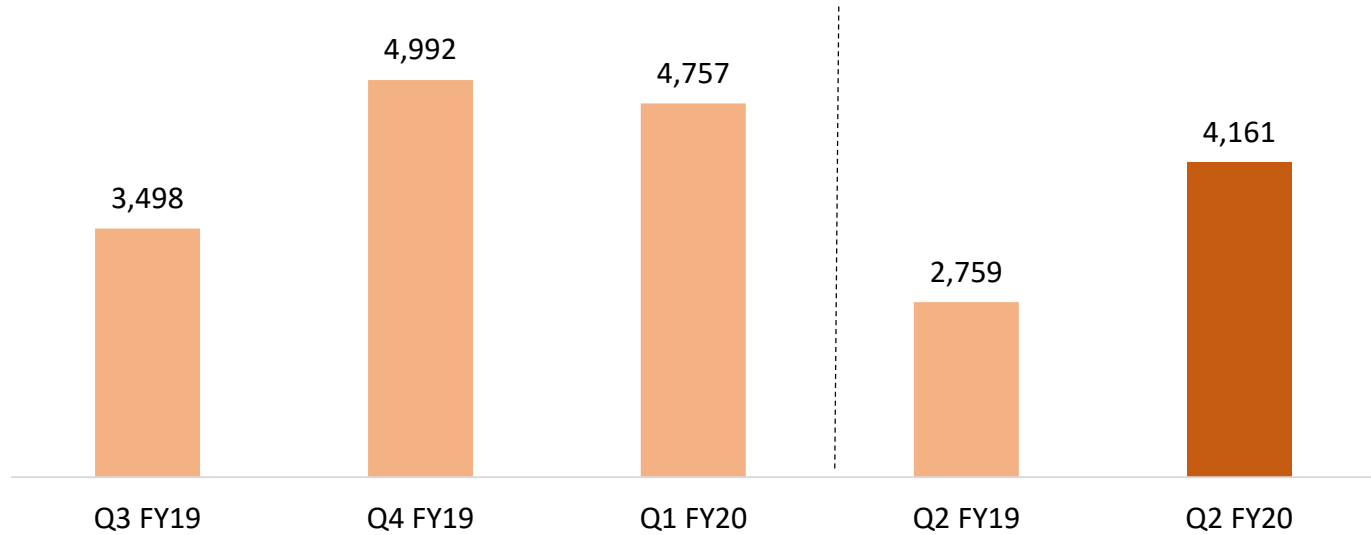
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Total AHF Disbursement (Units)



- Q2 FY20 Disbursements units have increased by 51% Y-o-Y

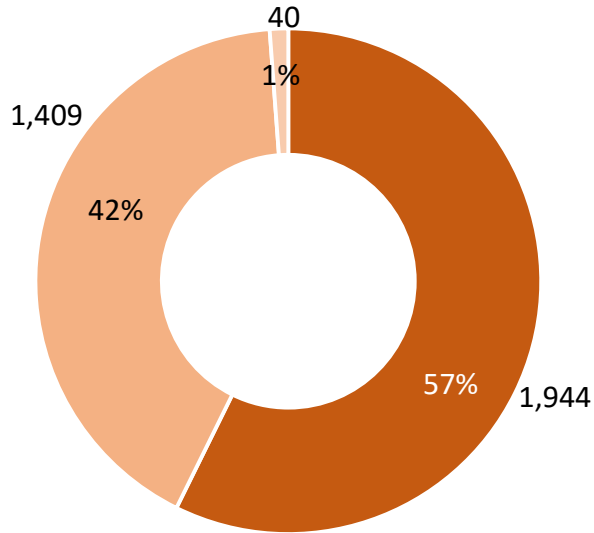
Affordable Housing Franchise gains national prominence

Industry leading relationship based direct origination model

Eminent digital transformation underway

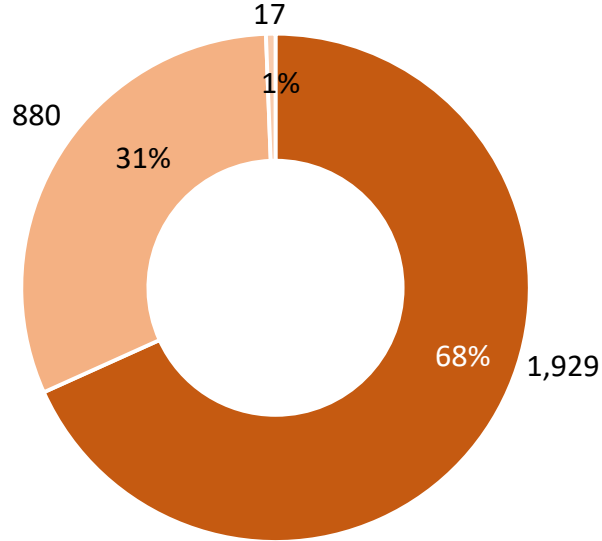
Product-wise AUM Contribution

June '19



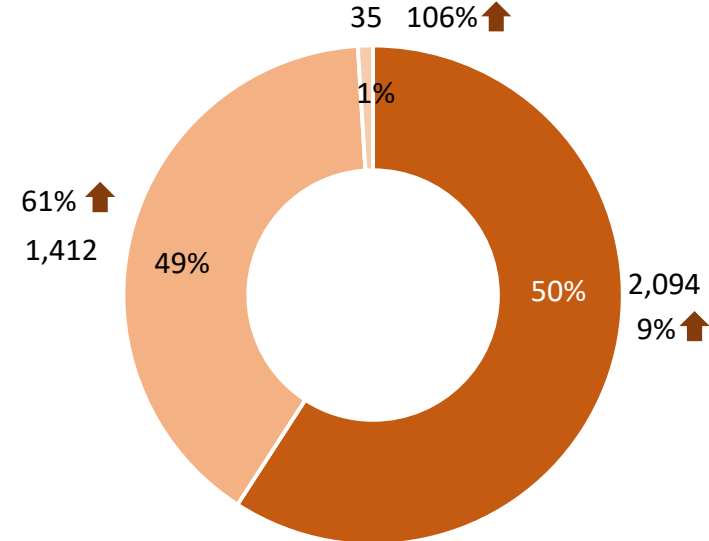
Rs. 3,393 crs

Sep '18



Rs. 2,826 crs

Sep '19



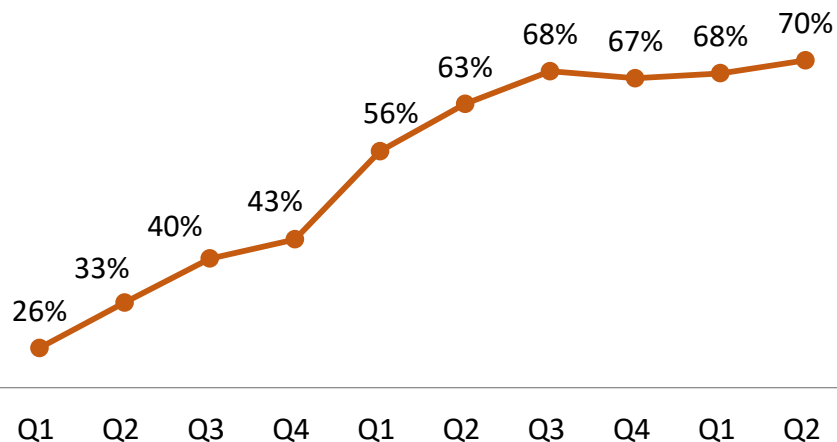
Rs. 3,540 crs

■ LAP ■ HL ■ CF

AUM Growth of 25% YoY; HL & LAP on even keel in Q2 FY20

Go Home Loan

HL Ratio (Units)



Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

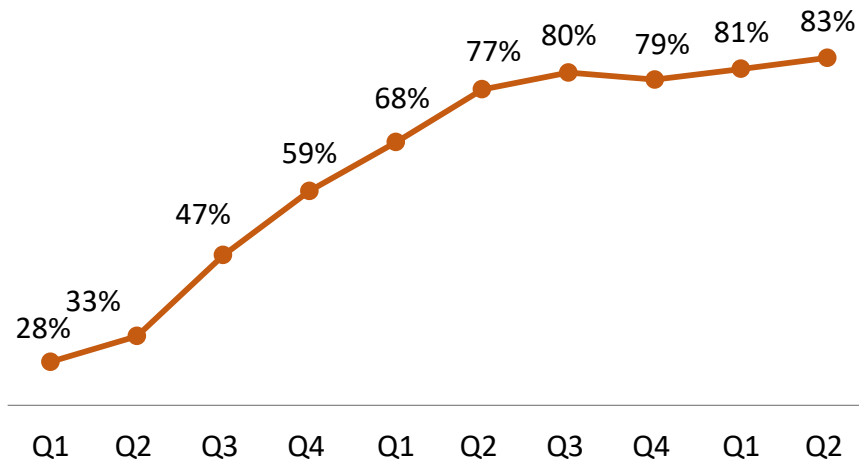
FY18

FY19

FY20

Go Direct

Direct Ratio (Units)



Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

FY18

FY19

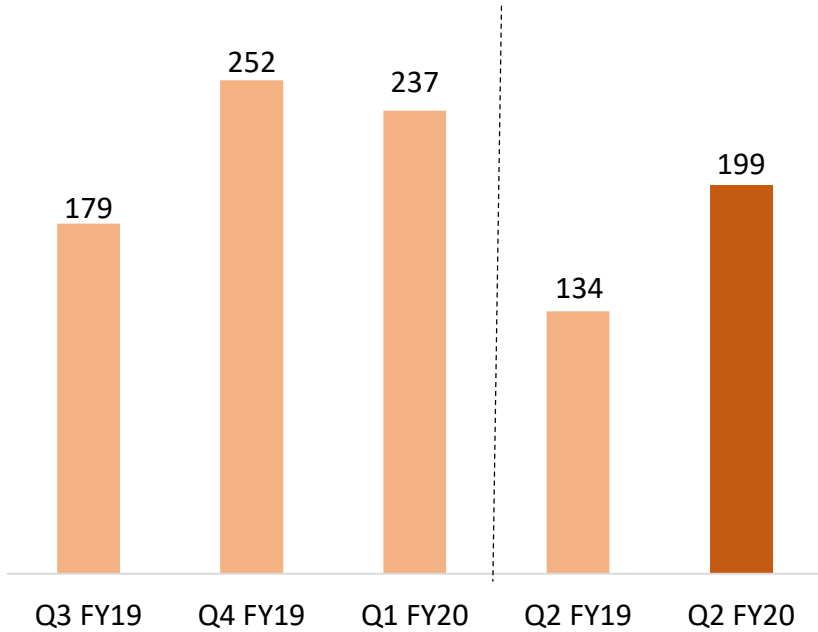
FY20

Key Takeaways

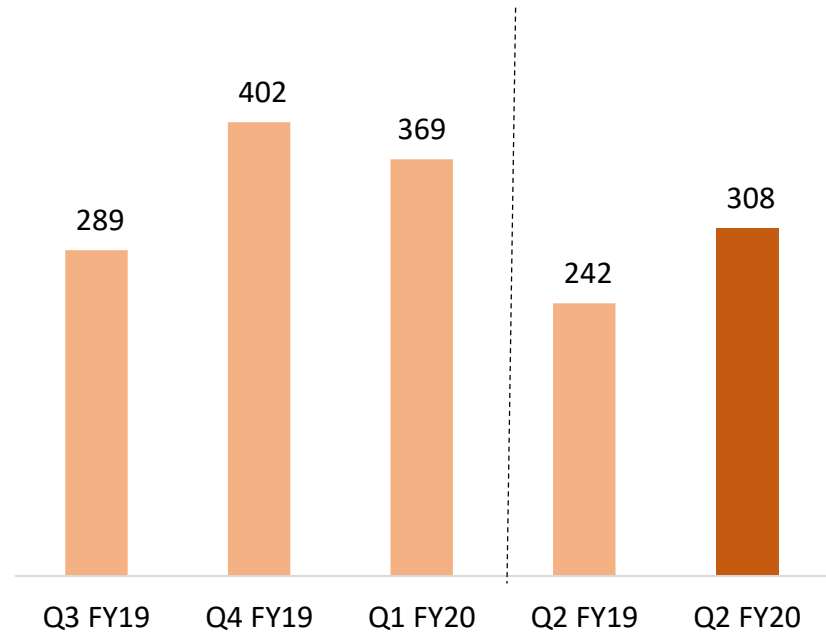
- HL Ratio has improved from 63% in Q2 FY19 to 70% in Q2 FY20
- Direct distribution capabilities being built-up; direct sourcing has improved from 77% in Q2 FY19 to 83% in Q2 FY20
- Focus on Go-to market strategy for further improvement in HL and Direct Sourcing – pre-approved affordable projects, increased cross sell penetration, localized market activities

HL does not include Construction Finance. Direct Biz means Business directly generated by Magma employees without help from DDSAs / NDSAs / Brokers, and includes Cross-sell

Home Loan Disbursement



Total AHF* Disbursement

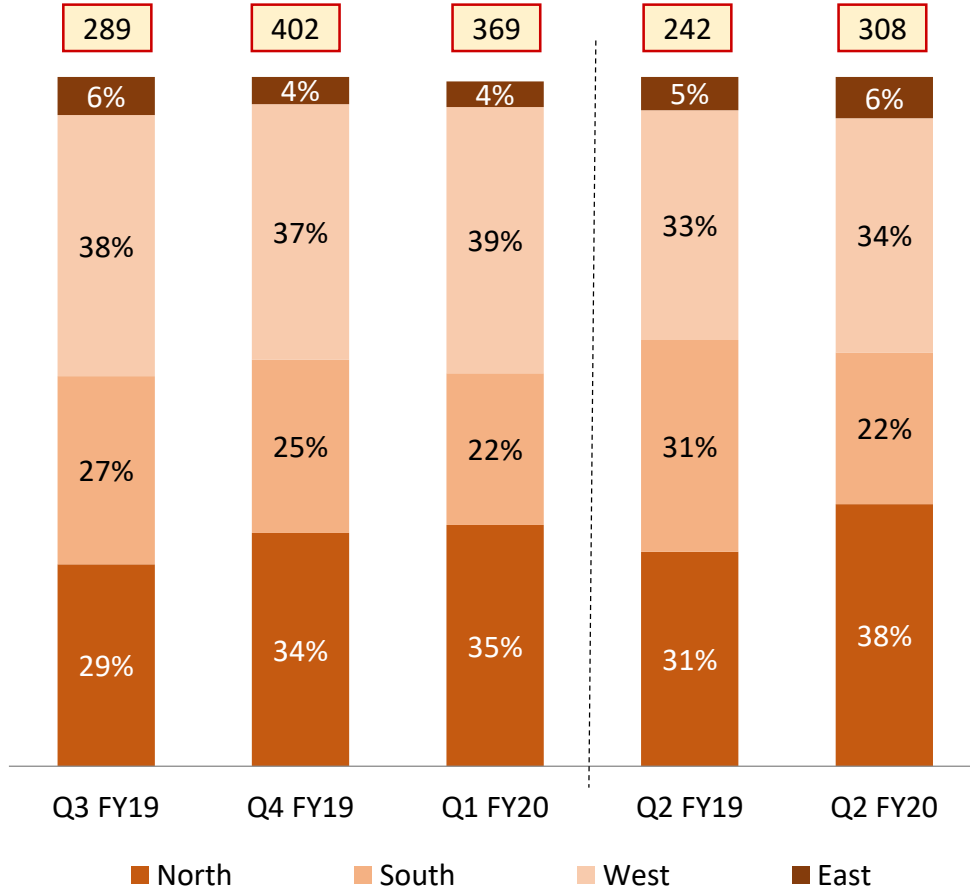


- 48% Y-o-Y improvement in HL disbursals in Q2 FY20 and 27% Y-o-Y improvement in overall Affordable Housing Finance disbursals in Q2 FY20

Values in Rs Crore; HL does not include Construction Finance

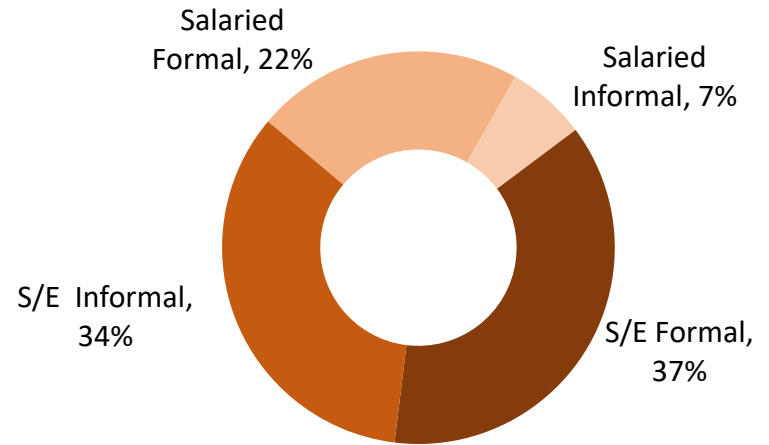
* AHF includes HL, LAP and CF

Geography

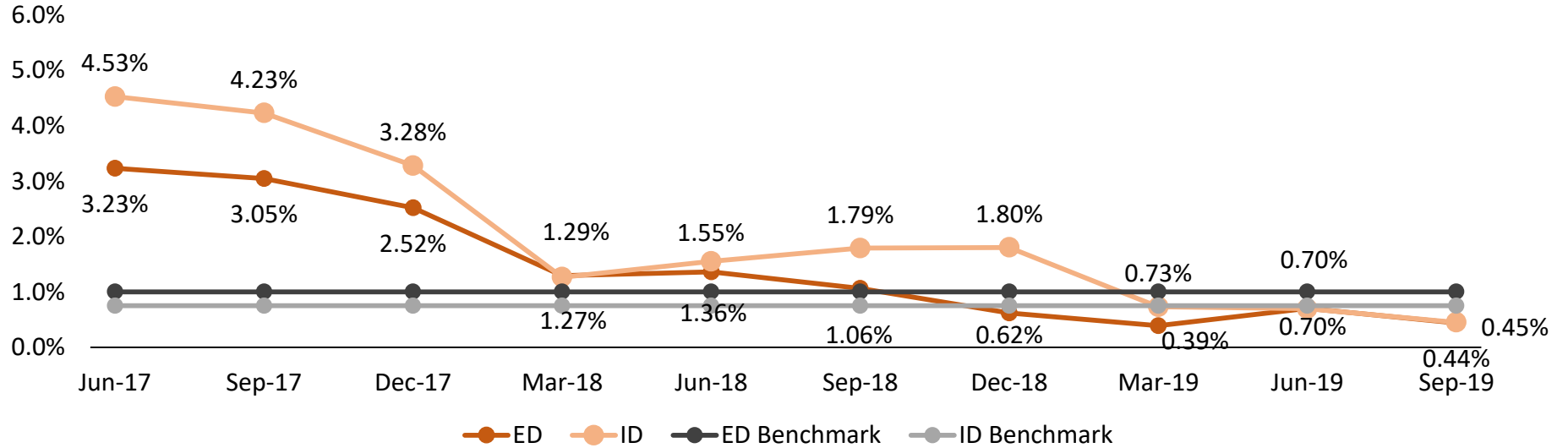


- **Focused deep market penetration** in 105 locations across 19 states using unit model implementation
- Well-balanced national scale portfolio with minimal concentration risks
- Unique affordable finance company having national presence

Customer Mix (Q2 FY20)



ID & ED Trend for AHF



Y-o-Y & Q-o-Q improvement in ED and ID for Affordable Housing Finance

ID = 0+ bkt % for cases sourced in last 6 months on 1 months lag basis including current month .
 ED = 30+ bkt % for cases sourced in last 12 months on 2 month lag basis including current month.

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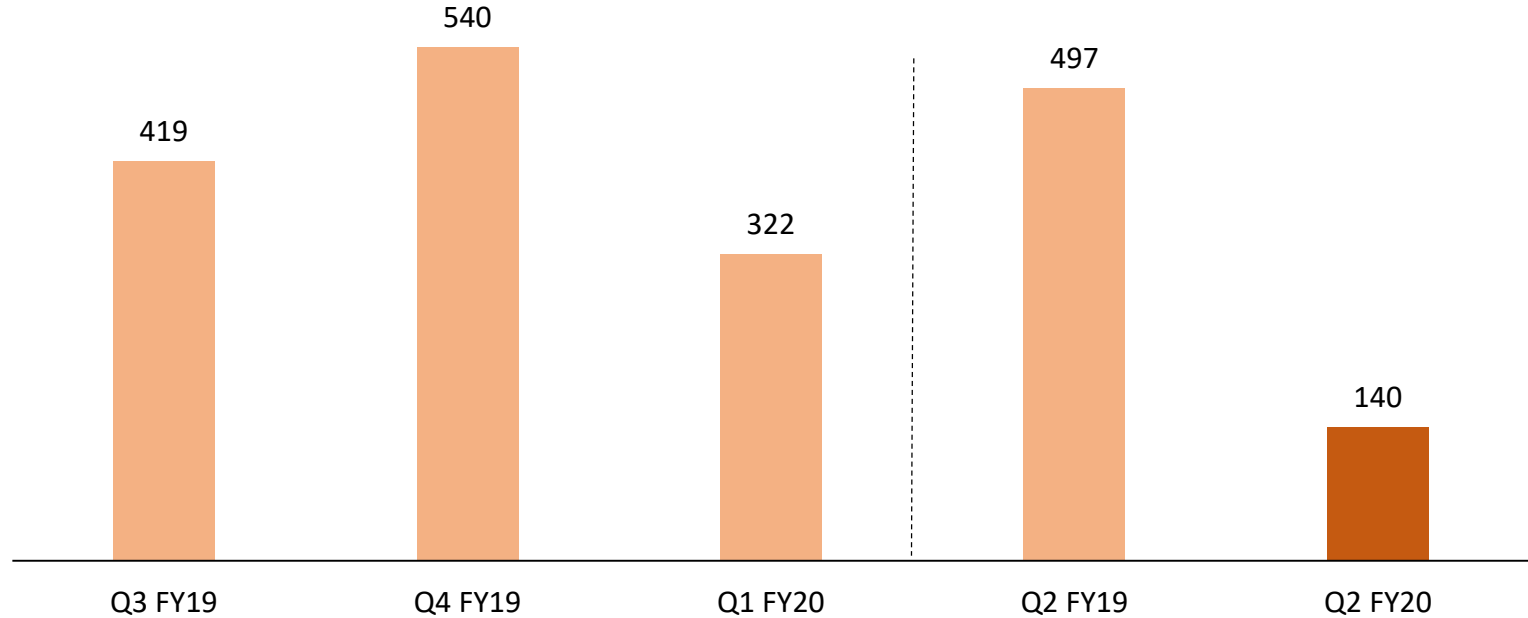
“Mscore” SME Credit Scorecard launched pan India across 80+ branches.

60% of logins following Straight-Through-Processing

SME Product bouquet enhanced with GST Product launch

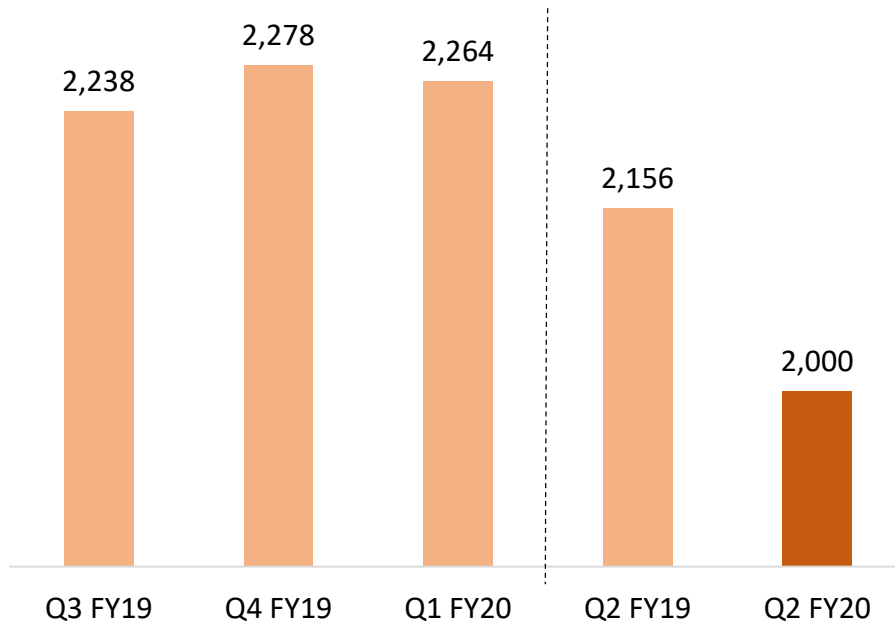
Continued Distribution focus in Upcountry markets. Clocking +18% growth in upcountry cities

Disbursement



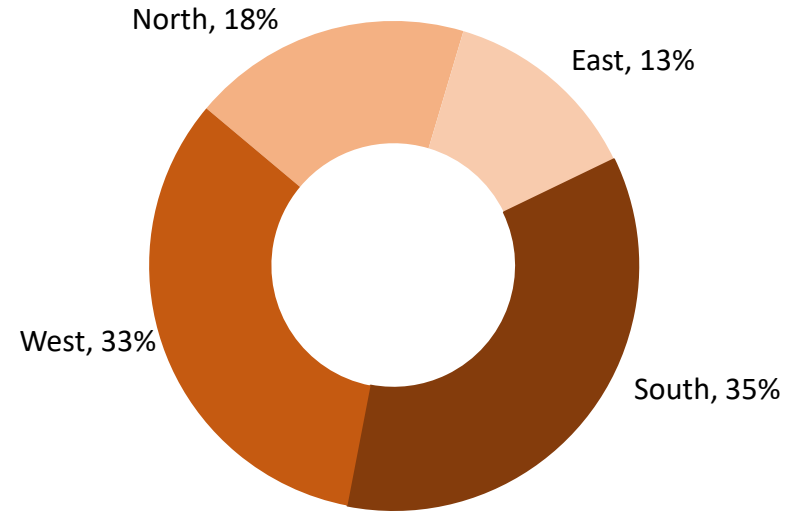
- Disbursements slowed down in Q2FY20 due to transition to 100% Long Term liabilities and achieve desired ALM matching.

AUM Growth



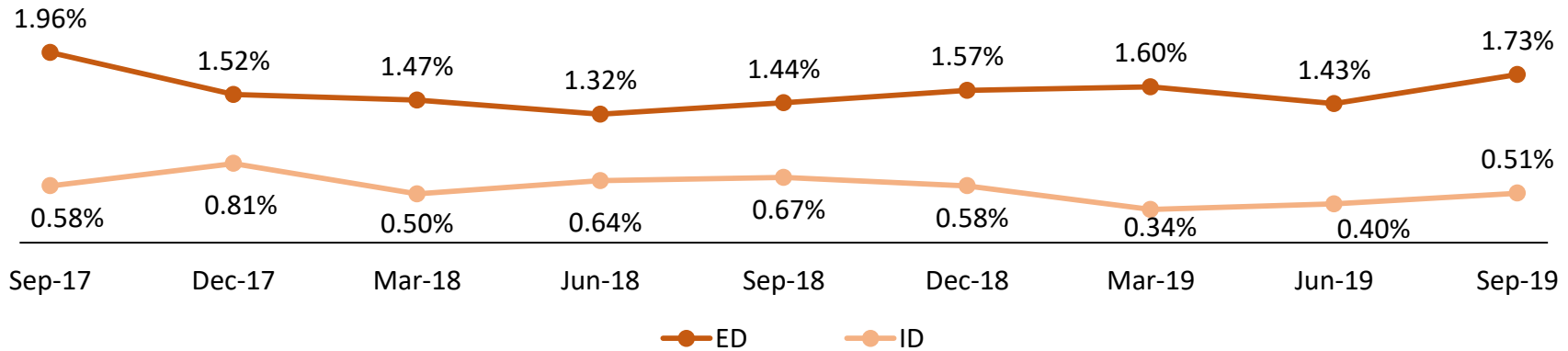
Conscious AUM de-growth with planned lower disbursal in Q2FY20

Geographical Diversification



Geographically well diversified portfolio as on Sep'19

ID & ED Trend for SME Finance



EWI & CPMI parameters for SME Finance under development

Note: Both Indicators are currently range bound. However, Sep'19 has seen marginal increase in both ID & ED, in line with the macro economic environment.

ID = 0+ bkt % for cases sourced in last 6 months on 1 month lag basis including current month .
 ED = 60+ bkt % for cases sourced in last 12 months on 3 month lag basis including current month.

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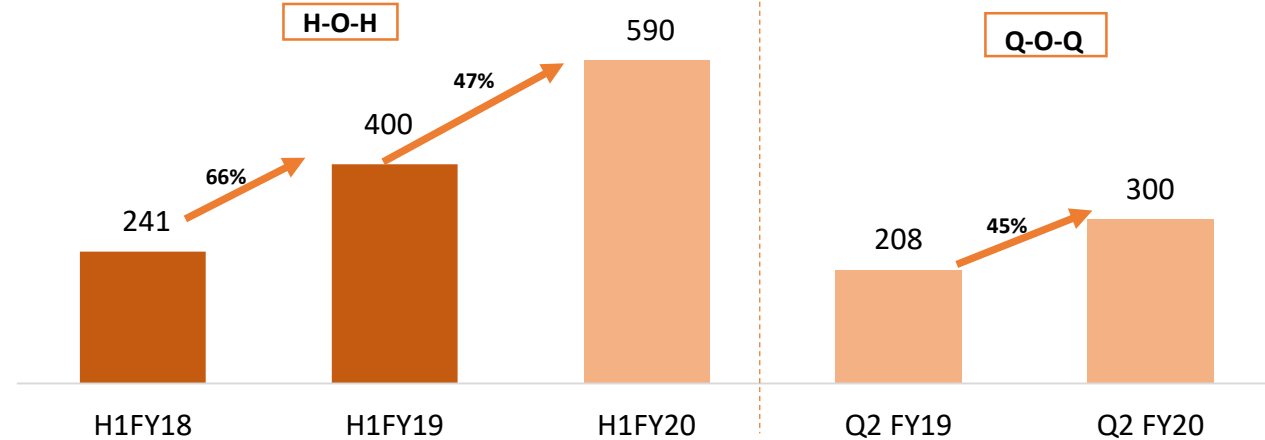
45.2% growth in GDPI for Q2 FY20 vs industry growth of 22.3%

Empanelled in one more OEM program. Continue to pitch to other OEMs

Ramp up in the Banca business with current partners. Entered into new relationships with medium sized NBFCs

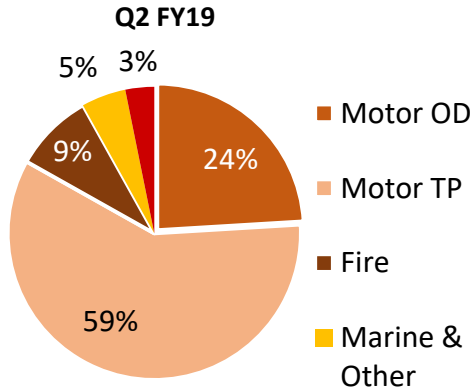
Building blocks being put in place for new initiatives on Health strategy

Gross Written Premium

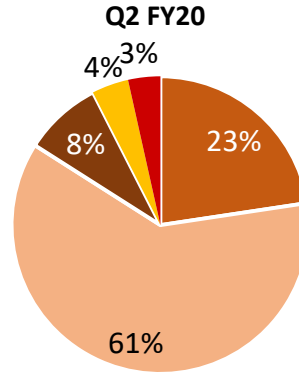


- **Business growth** – 44.7% GWPI growth Q-o-Q
- **OEM** tie-ups contributed 20.2% of GWP for Q2 FY20, 17.9% for H1FY20
- **Banca** tie-ups contributed 3.4% of GWP for Q2 FY20 against 1.8% for Q1FY20
- **Branch expansion** – branch strength of 170 as at Q2 FY20 against 130 as at Q2 FY19
- Innovation & cost rationalisation continues: Real time claims processing, adoption of RPAs

Portfolio Construct

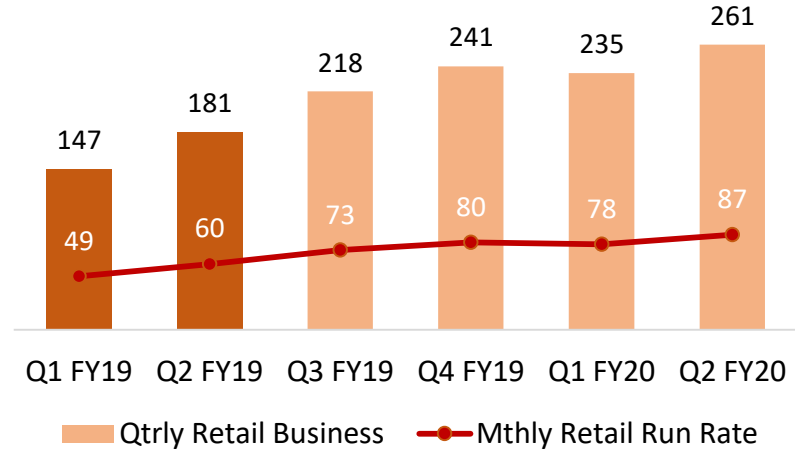


Rs. 208 Cr.



Rs. 300 Cr.

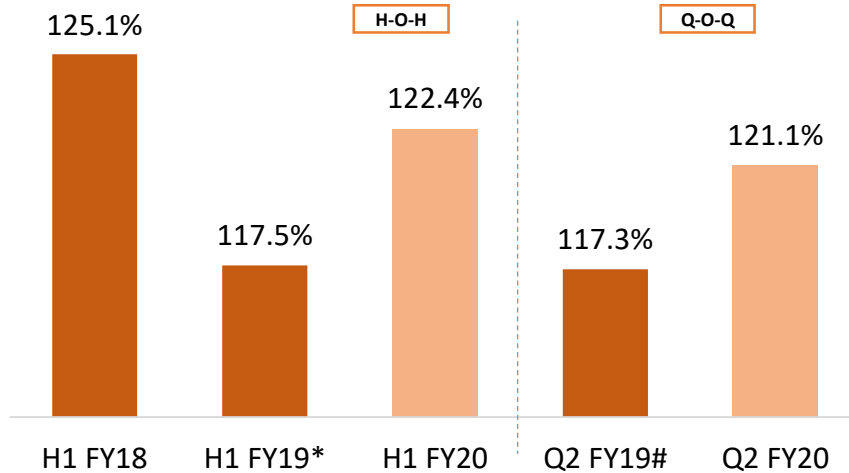
Retail Run Rate



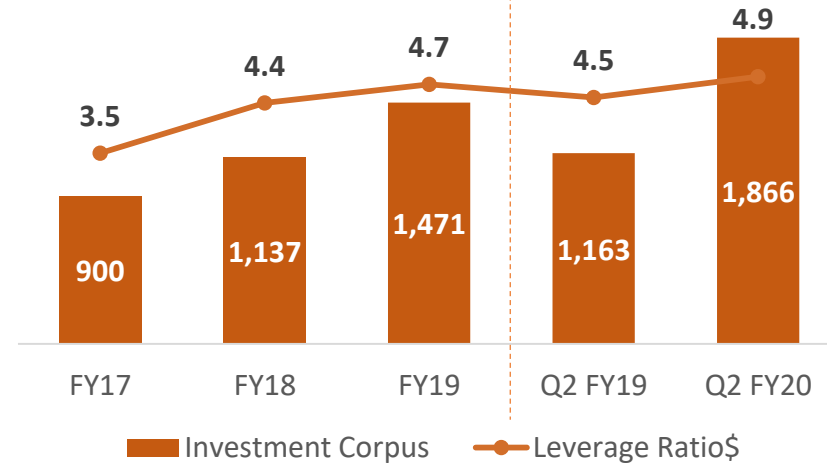
- **Motor Portfolio:** Continue to enjoy one of the lowest Own Damage loss ratio in the industry*. Within motor, diversified portfolio across vehicle categories with geographical diversification.
- **Health & Accident Portfolio:** Continue efforts to build the health portfolio with new initiatives like branch cross sell to walk-in customers, telesales to existing customer database, attachment on all underlying credit portfolios.
- 44% increase in monthly run rate from Q2 FY19 to Q2 FY20; 84% of the portfolio for H1FY20 is retail, in line with the objective to grow the retail franchise.
- 32% increase in the commercial portfolio from Rs.28.4 crores in Q2 FY19 to Rs.37.5 crores in Q2 FY20 driven by expansion in client base as well as primary rate increases.

*As per IRDAI Q1 FY20 quarterly public disclosures

Combined Ratio Movement



Investment Book & Leverage ratio



- Pressure on combined ratio in Q2 FY20
 - 121.1% as compared to 117.3%# in Q2FY19 (without TP transaction)
 - Due to increased reinsurance cessions, retention ratio for the company has reduced from 75.7% in Q2 FY19 to 65.1% in Q2 FY20, resulting in higher expenses ratio from 34.5% in Q2 FY19 to 45.3% in Q2 FY20
 - Loss ratio for Q2 FY20 (85%) is higher than Q2 FY19 (77.2%)
- Investment carrying yield as at Q2 FY20 stands at 7.98%
- Solvency for the company stands at 1.66 times as against 1.50 times required by IRDAI

*64.8% & #112.5% with TP transaction, \$Closing Investment corpus / Closing capital

Magma HDI General Insurance Company (MHDI) Profit & Loss Statement

Ind AS						
Particulars	Q2 FY20	Q2 FY19	Q1 FY20	H1 FY20	H1 FY19	FY19
Gross Written Premium	300	208	290	590	400	1026
Net Written Premium	196	157	167	362	139	517
Net Earned Premium	169	115	164	334	63	385
Net Claims Incurred	144	89	135	279	-6	272
Net Commission	-18	1	-11	-29	3	-29
Management Expenses	90	54	82	171	101	247
Impairment loss	8	2	-	-	2	10
Underwriting Profit	-54	-32	-42	-87	-37	-116
Investment & Other Income	62	23	38	90	48	107
Profit Before Tax	8	-8	-3	3	11	-8
Taxes	-	0	1	-	0	-10
Profit After Tax	8	-8	-4	3	11	1

Values in Rs crore

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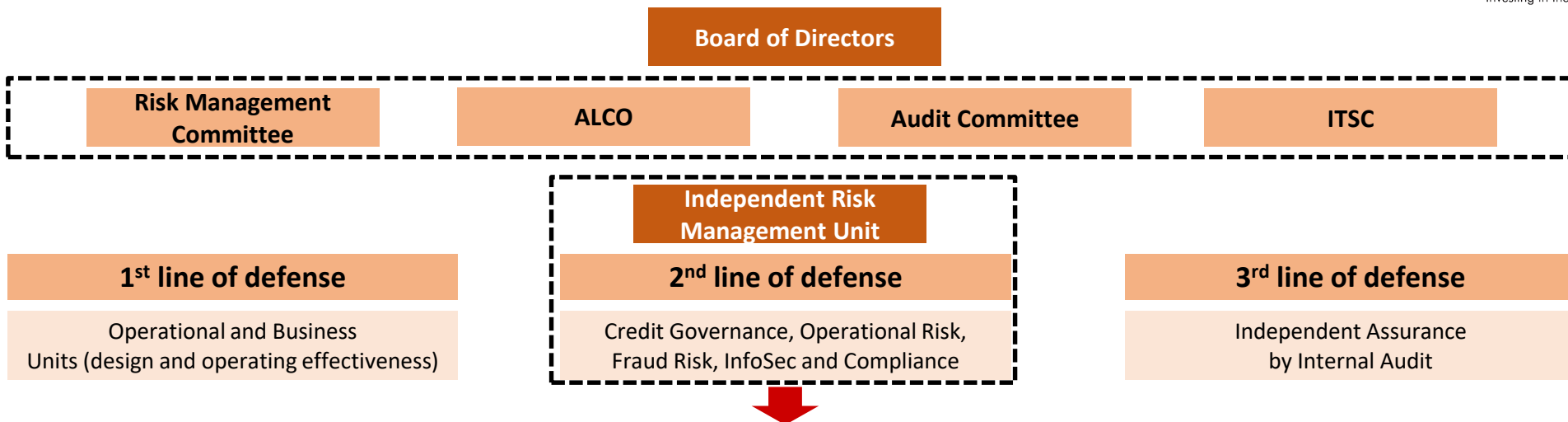
5 Leadership Team & Shareholding Structure

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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 Transformation '**Project Navoday**' launched in order to **modernize entire Technology stack**: Loan Origination System, Loan Management System, Data Warehouse, ERP, Mobility solutions etc.
- Proposed features will be **Automation of Workflow** vs. Email approvals, **Digital vs. physical document flow**, **Credit Engine**, Integration into **API economy**, **Field-force gamification** of incentive plan, and **Data analytics led decision making**. Expected outcome is significant **productivity enhancement and Turn Around Time (TAT) reduction**
- **Analytics powered Credit Engine** for Car, CV and Tractor loans implemented in FY19 leading to improvement in TAT and uniformity in credit decision. Credit engine for SME successfully launched April 2019.
- Defense in-depth protection approach, with controls and process implementation at every layer of IT landscape to **secure against internal and external cyber threats**.
- The field force is being empowered with **BYOD** for corporate applications both securely and with the convenience of using personal devices. This has resulted in **cost savings** on company provided mobile devices.

- 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

- **360° customer view** across Lines of Business (LoB). CRM search basis several ID's including customer phone number
- **Unique Customer ID** across finance business
- Moving from paper to **digital communication** via both email and SMS
- Communication in **12 vernacular languages** for all key messages
- **Structured customer engagement program** - Welcome calling to customers, Proactive connect to prevent complaints etc.
- **31% reduction** in customer complaints received from regulatory authorities between H1 FY20 vs H1 FY19
- Deep credit-bureau tie-ups to provide relevant products for cross-sell and increase **lifetime value of customer**
- Customer Relations Management (CRM) application implementation leads to substantial improvement in cross sell to existing customers through **improved collaboration between customer service, branch operations and sales teams.**
- **93% increase** in units and 81% in value for cross sell disbursements in Q1 FY20 vs Q1 FY19. Q2 FY 20 had a decrease due to business trigger in August 19.
- **NPS survey** conducted to record **voice of customer** and measures taken to reduce customer pain points.
- **ABF NPS survey** has been clocking a **healthy ratio** in the range of **40 – 45** which is one of the best in the industry

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Promoter Directors

<p>Mayank Poddar <i>Chairman Emeritus and Whole time Director</i></p>	<ul style="list-style-type: none"> Supports policy formulation and guidance to the Management/Board Over 30 years of experience in the financial sector.
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<p>Sanjay Chamria <i>VC and MD</i></p>	<ul style="list-style-type: none"> Anchors strategic policy formulation and execution. Drives new business initiatives and leads management team
---------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Non Promoter Directors

<p>Narayan K Seshadri <i>Non- executive Independent Chairman</i></p>	<p>He is on the Board of companies including Clearing Corporation of India Limited, PI Industries Limited and SBI Capital Markets Limited</p>
---------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------

<p>Vijayalakshmi R Iyer <i>Non-Executive Independent Director</i></p>	<p>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.</p>
----------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>VK Viswanathan <i>Independent Director</i></p>	<p>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.</p>
--------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------

Management Team



Sanjay Chamria
VC and MD

Business CEO / Functions

Support Functions



Manish Jaiswal
MD & CEO - HFC,
CEO - SME



Rajive Kumaraswami
MD & CEO -MHD



Mahender Bagrodia
Chief Business Officer - ABF



Harshvardhan Chamria
Chief Digital Officer



Rajneesh Mishra
Chief People Officer



Deepak Patkar
Chief Risk Officer



Kailash Baheti
Chief Financial Officer

Jun-2017

Head, Risk Advisory,
Research and SME
Ratings, CRISIL

Jun-2016

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

Oct-2000

General Manager,
Tijaya Enterprises
Ltd.

Sep-2014

Chief Strategy
Officer- Housing and
SME, Magma
Fincorp Limited

Jan-2019

Vice president-HR,
Bajaj Finserv Limited

Sep-2018

Chief Risk Officer,
Fullerton India
Credit Company
Limited.

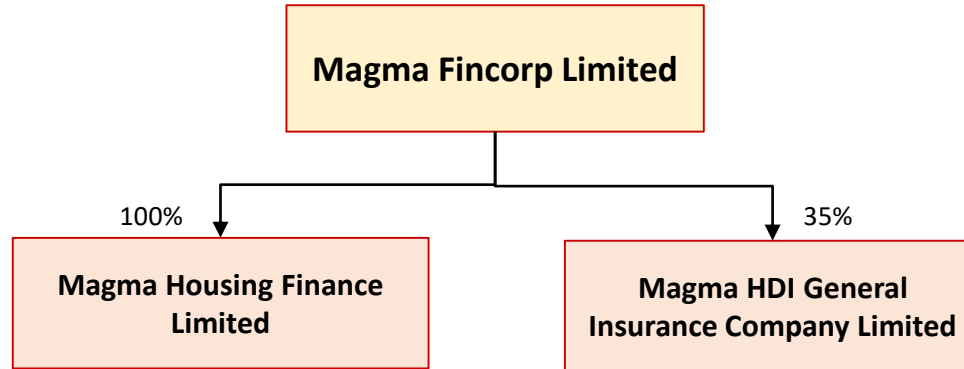
Oct-2011

CEO,
Century Extrusions
Limited

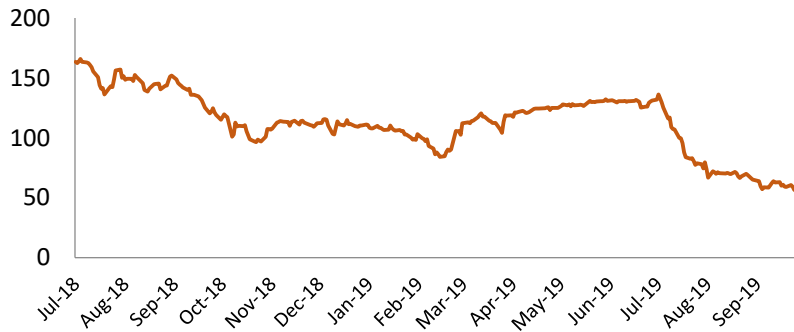
Kaushik Banerjee has stepped down from CEO – ABF Business, and continues as Advisor – ABF business

Joined

Title and Previous Company

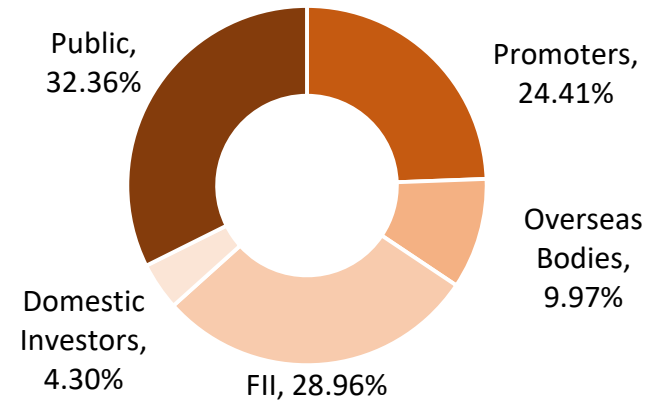


Share Price Performance



Average share price data from NSE

Shareholding (30-Sep-2019)



THANK YOU



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

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

Particulars	Q2 FY20	Q1 FY20	Q2 FY19	FY19
Net Revenue	290	285	331	1,267
Expenses	150	150	152	602
Operating Profit	140	135	179	665
Net Credit Loss	122	124	85	262
Profit Before Tax	18	11	94	403
Tax	6	3	24	128
Profit After Tax	12	8	71	275

Magma Fincorp Ltd. (MFL) Standalone Balance Sheet

Particulars	30-Sep-19	30-Sep-18	31-Mar-19
Cash and Cash Equivalents	977	522	933
Loans and Advances	11863	12,510	13,149
Other Assets	833	739	722
Fixed Assets	191	184	187
Total Assets	13,865	13,955	14,991
Borrowings	10916	11,009	11,828
Other Liabilities	401	545	607
Share Capital	54	54	54
Reserves & Surplus	2493	2,347	2,502
Total Liabilities	13,865	13,955	14,991

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

Particulars	Q2 FY20	Q1 FY20	Q2 FY19	FY19
Net Revenue	45	45	33	133
Expenses	25	27	19	83
Operating Profit	20	18	15	50
Net Credit Loss	0	5	2	3
Profit Before Tax	20	14	13	47
Tax	6	4	4	13
Profit After Tax	14	10	9	34



Corporate Social Responsibility

Magma has received 12 awards since 2015 for the various CSR activities covering Education, Health and Environment Sustainability.

The latest recognition was received in September 2019 from Asian Customer Engagement Forum & Awards'2019 – Excellence 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 10 awards for Corporate Communications from leading forums. The recent ones are:

- League of American Communications Professionals (LACP) Spotlight Awards, 2017 for Annual Report Design
- EPC Awards 2017, Best PR Campaign of the Year



Magma Highway Heroes



- A programme for Truck Drivers to train them on Road Safety and vehicle maintenance. The lone formal Training camp run by PCRA, Govt of India, with a Truck Financing NBFC in India.
- Training provided to around 2 Lac Truck Drivers at around 300 camps across the country.
- Reduction in CO2 Emission estimated 790 Lac kg and Diesel consumption reduced by 2 crore Litres per year.
- E-Toilets for Sanitation at Transport Nagars benefit approx. 50,000 Truck drivers per year

M-Education, Mid Day meal, Swyam Programmes

- **Mid-day Meal** offered to 6500 kids in Govt. Schools in 7 states (West Bengal, NCR, Maharashtra, Jharkhand, Andhra, Haryana and Rajasthan)
- Sponsored cataract surgery for over 300 needy patients
- Adopted 16 Ekal Vidyalaya Schools in Tribal areas of CG, Jharkhand



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



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 in remote areas in FY 20



Group level CSR activities are managed by Magma Foundation



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