



MAGMA HOUSING FINANCE

29 November 2019

BSE Limited
Corporate Relationship Department
25th floor, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001
(Company Code –10828)

Dear Sir,

Sub: Investors Presentation

In continuation to our intimation dated 4 November 2019, please find enclosed herewith the investor presentation and key highlights on the financial performance of the Company for half year ended 30 September, 2019.

The presentation may also be accessed on the website of the Company at the URL <https://www.magmahfc.co.in/regulatory-disclosure/intimation-to-stock-exchange.php>. The same is uploaded on the website in accordance with Regulation 62 of the Listing Regulations.

Kindly take the same on record.

Thanking you,

**Yours faithfully,
For Magma Housing Finance Limited**

Priti Saraogi

**Priti Saraogi
Company Secretary
Membership No.: A26360**

Encl: As above



MAGMA HOUSING FINANCE

MAGMA HOUSING FINANCE LIMITED

H1 FY20 Results

- AUM of Rs 2,898 Cr; Growth of 45% YoY
- PAT at Rs 24 Cr; Growth of 36% YoY
- ROA at 1.80%

Date: 29th November 2019

Magma Housing Finance Limited has declared Un-audited Financial Results for the quarter & half year ended 30th September 2019 on 4 November 2019.

Talking about the H1 performance Manish Jaiswal, MD and CEO, Magma Housing Finance says, "Magma Housing Finance has posted strong disbursement growth of 71% in H1 FY20, which has been driven by the sustained demand for affordable housing finance coupled with Magma's ability to garner significant liquidity for financing. The strategy to focus on home loans, while sourcing around 80% of our loans directly has led to the superior performance. In FY20 the company targets to deliver higher than industry growth rate."

Key Performance Metrics for H1 FY20:

Particular	H1 FY20	H1 FY19	Y-o-Y
AUM	2,898	1,997	45%
Disbursement	677	396	71%
PAT	24	18	36%
Active Loan Account	23,772	14,964	59%
NIM	6.80%	6.56%	0.24%

Business Performance in the Half Year

- Disbursements for the period grew 71% year on year and AUM grew by 45%
- Assets under management as of the end of H1 FY20 were ~Rs. 2,898 Crores
- Profit After Tax (PAT) for the period demonstrated a year on year growth of 36%
- At the end of H1 FY20 the company was well capitalized with a Capital Adequacy Ratio of 33.81%
- The GNPA ratio has seen tremendous improvement YoY and is at 2.2% at the end of H1
- The Company has garnered significant liquidity for financing its immediate business plans and has during H1 FY20, secured the following lines

Magma Housing Finance Limited

Regd. Office: Development House, 24 Park Street, Kolkata 700 016, Ph: 91 7596067686 / 91 33 44017350
Web : <http://www.magmahfc.co.in>, CIN : U65922WB2004PLC229849

Please Visit <https://ipg.magma.co.in> For Online Payment



MAGMA HOUSING FINANCE

- Refinance line sanctioned by NHB Rs. 145 Crore
- Term Loan and Direct Assignment sanctions amounting to around Rs. 612 Crore

- Diversified liability sources limit concentration risk, allows stable flow of funds
- Q2 FY20 Disbursements units have increased by 51% Y-o-Y basis
- Successfully transitioned from DSA model to direct sale model over last 2 years
- Direct Sourcing improved from 28% in Q1 FY18 to 82% in Q2 FY20
- Home Loans Ratio has grown from 25% in Q1 FY18 to 70% in Q2 FY20
- 49% Y-o-Y improvement in HL disbursals in Q2 FY20 and 28% Y-o-Y improvement in overall Magma Housing Finance disbursals in Q2 FY20
- Company is well capitalised with a CRAR of 33.80% at the end of H1 FY20

Company Background

- Magma Housing Finance Limited (MHFL) is engaged in ‘providing **affordable housing finance**’ in 105 locations in India, in 19 states, primarily to LIG and EWS sectors in resonance with Government mission of “Housing for All” by 2022. MHFL also provides PMAY benefits to its eligible customers. MHFL provides last mile affordable housing credit solutions, in semi urban, rural and hinterland terrain, with about 80% sourcing through direct sales distribution
- Business origination is geographically diversified with 34% from West, 22% from South, 38% from North and 6% from East
- MHFL is a professionally managed company with focus on providing dignity of living to our customers by providing them financial support in acquiring their homes
- The company has full senior leadership deck in place with rich financial services experience.
- The company also has a dedicated in house collection and sales teams to ensure focussed recoveries of delinquent loans, in a focussed manner
- The company strives to accomplish the objective of financial inclusion by serving first time borrowers
 - 51% of customers sourced in FY20 are new to credit
 - 74% of loans disbursed in Tier 2 and Tier 3 towns
- At the end of H1FY20, Individual Long Term Home Loans as a percentage of Total Net Tangible assets was 66%
- MHFL has created branch level separation of Sales, Credit, Legal, Technical and collections. This ensures deep local credit, cash flow and collateral understanding for comprehensive risk management practices

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



MAGMA HOUSING FINANCE



Magma Housing Finance
Investor Presentation – Q2 FY20



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4 Technology enablers to drive sustainable growth

5 Leadership Team & Structure

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**An Affordable Housing Finance Company with
National Presence**



**NHB Refinance line in place
~30% PMAY penetration in fresh on-boarding**



**11,000+ satisfied customers on-boarded
in last 12 months**



**Assets under management of about 2,900 Crore
as on 30th Sep,2019 (45% growth Y-o-Y)
Home Loan Disbursal of ~200 Crore in Q2 FY20
(49% growth Y-o-Y)**

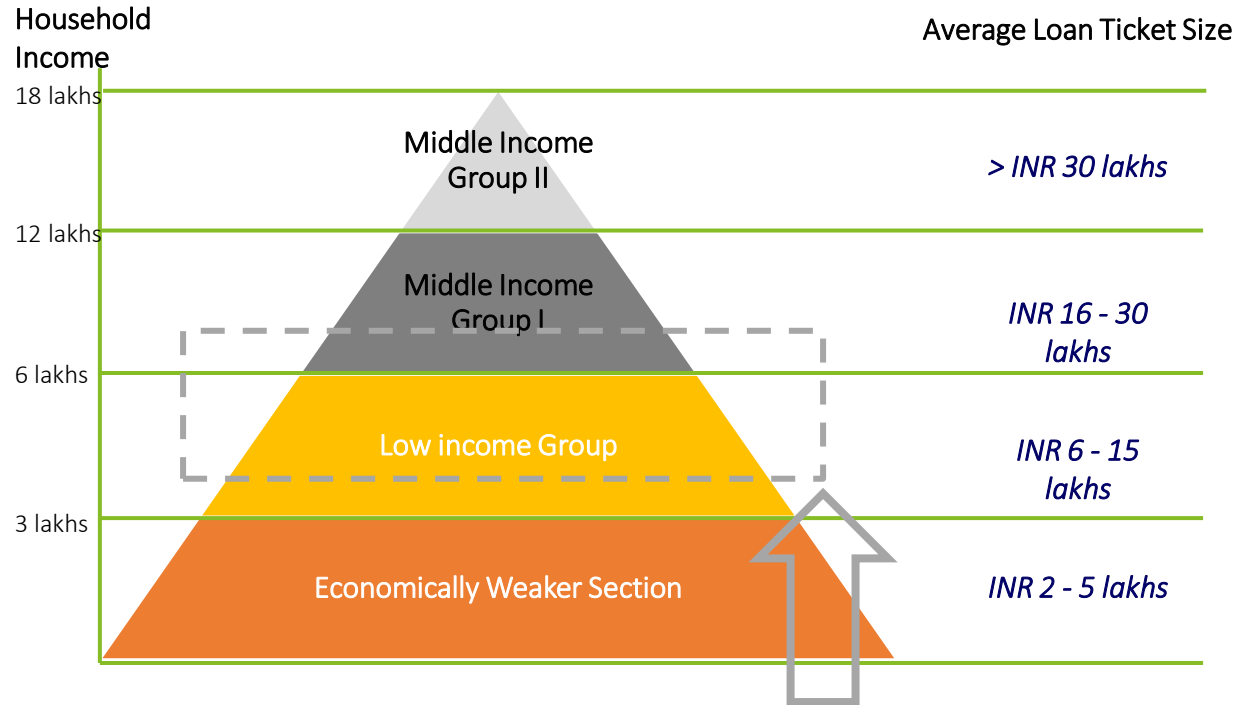


**80+% direct sourcing by in-house team
Home Loan 70+% of incremental disbursement**



**Network of 105 branches across the country
with pan India presence in 19 states, semi-urban
rural & hinterland markets**

- ❖ Affordable Housing Finance Company with National Presence
 - ❖ Pan India presence in 19 states with 105 branches
- ❖ A professionally managed company with focus on providing dignity of living to our customers by providing them financial support in acquiring their first home
- ❖ The company strives to accomplish the objective of financial inclusion by serving first time borrowers
 - ❖ 51% of customers sourced in FY20 are new to credit
 - ❖ 74% of loans disbursed in Tier 2 and Tier 3 towns
- ❖ MHFL provides financing to Self-employed individuals who comprise over 70% of our sourcing
- ❖ 80% Direct Sourcing helps the company to acquire :
 - ❖ Superior quality assets as compared to quality of assets sourced through DSAs
 - ❖ Assets which are stable in the book and not prone to balance transfer subsequent to good conduct in our books
- ❖ The company also contributes to the government objective of Housing for All by, facilitating our customers to avail the benefits of Credit Linked Subsidy Scheme (PMAY)



MHF Customer segment

- 51% of customers sourced in FY20 are new to credit
- 74% of loans disbursed in Tier 2 and Tier 3 towns
- Income type: SENP, cash salaried, SEP, salaried

Values in Rs crore



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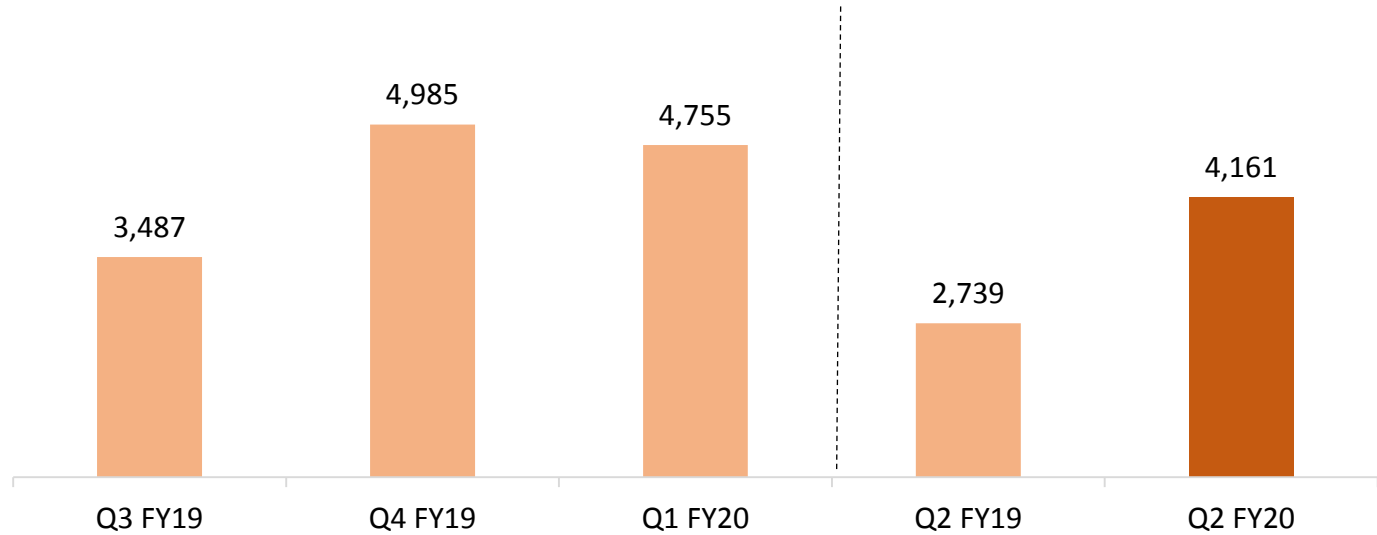
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Disbursement (Units)



MHF Franchise gains national prominence

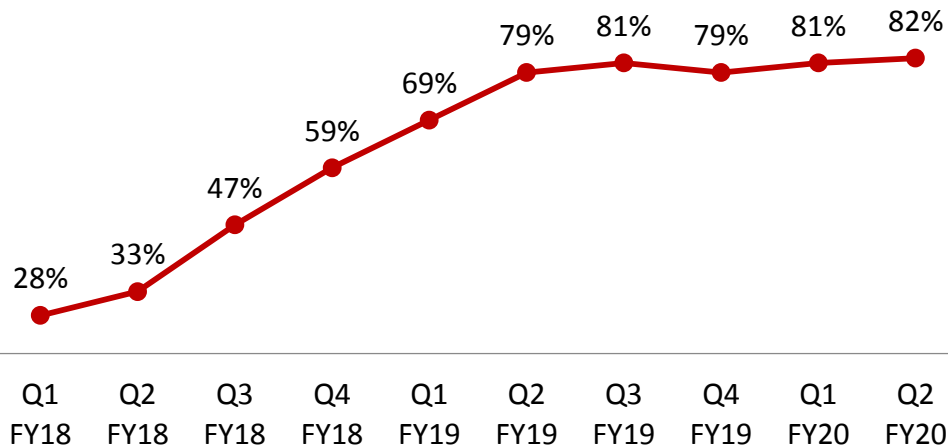
Industry leading relationship based direct origination model

Eminent digital transformation underway

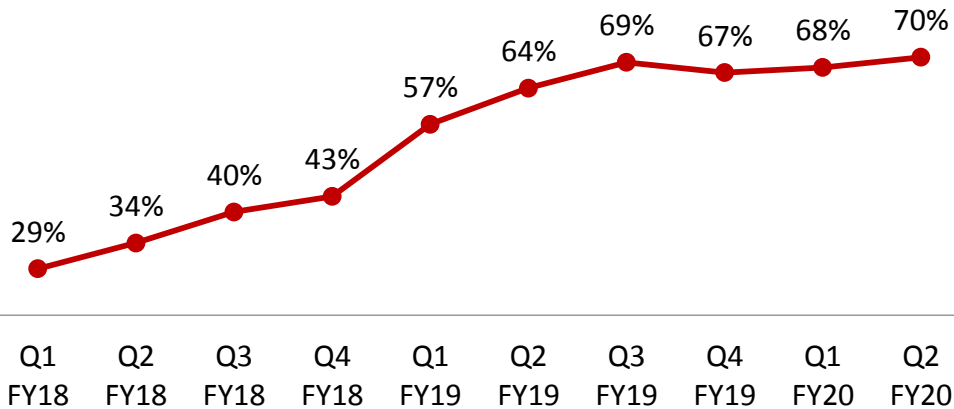
- Q2 FY20 Disbursements units have increased by 51% Y-o-Y basis



Direct Ratio (Units)



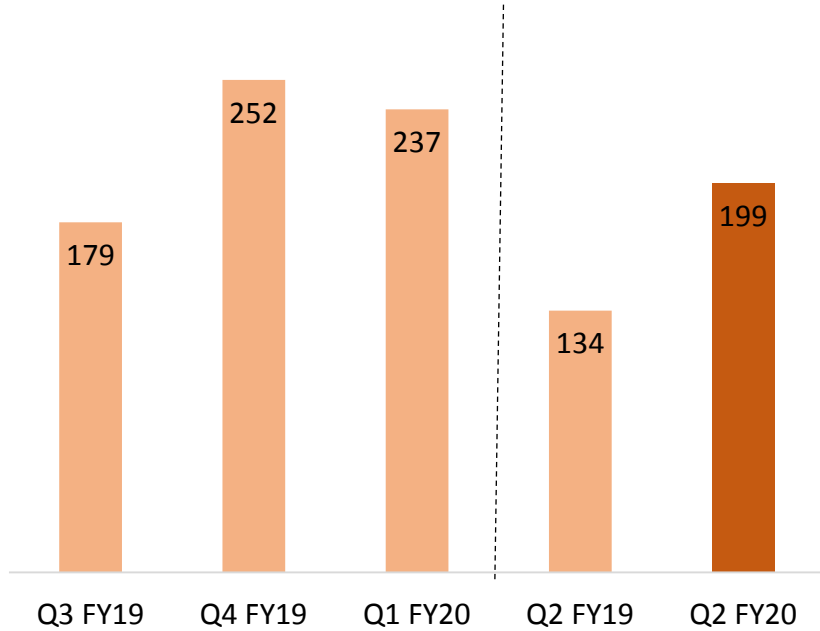
Home Loan Ratio (Units)



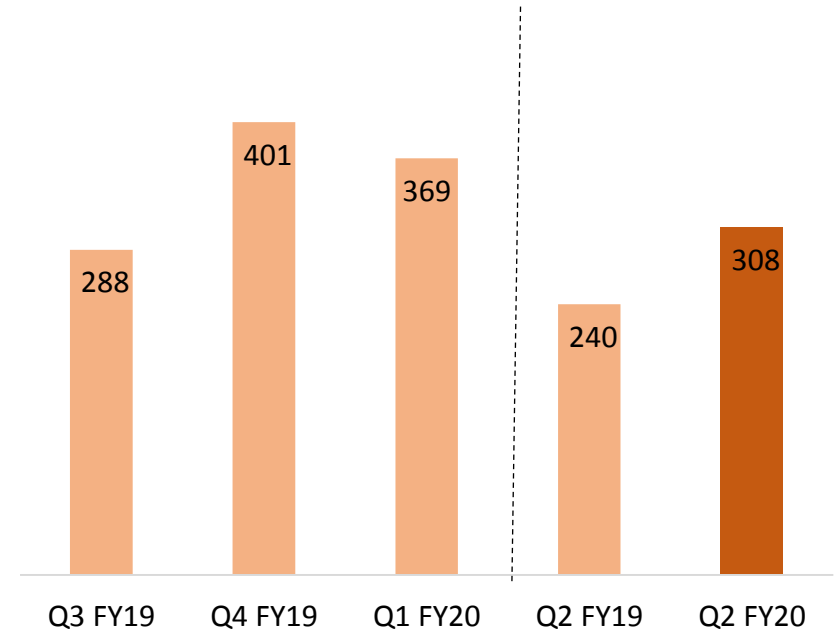
- Successfully **transitioned** from DSA model to **direct sale model** over last 2 years.
- Direct Sourcing improved from 28% in Q1 FY18 to 82% in Q2 FY20

- **Home Loans** Ratio has grown from 29% in Q1 FY18 to 70% in Q2 FY20

Home Loan Disbursement



Total* Disbursement



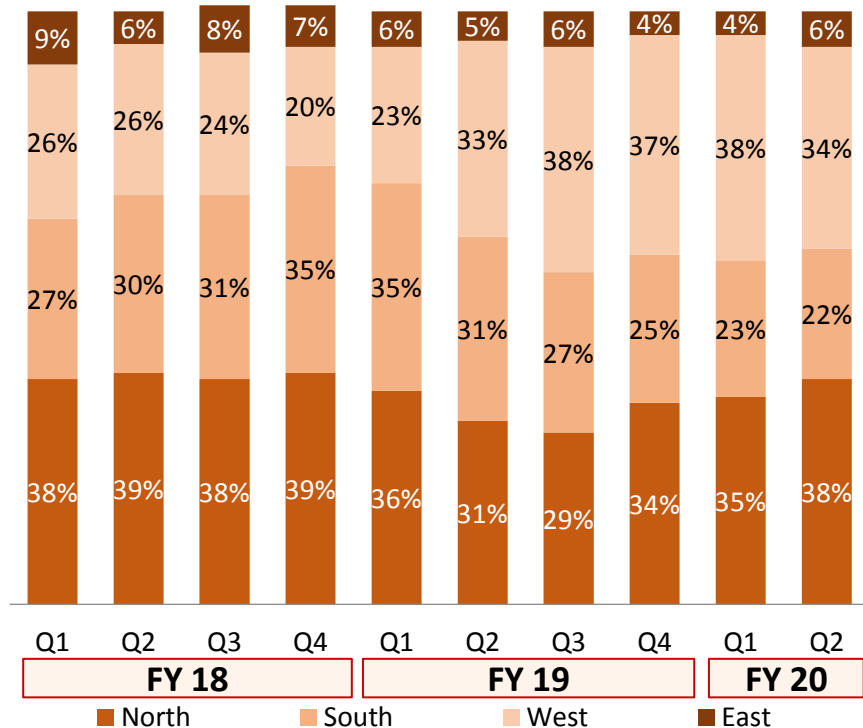
- 49% Y-o-Y improvement in HL disbursals in Q2 FY20 and 28% Y-o-Y improvement in overall Magma Housing Finance disbursals in Q2 FY20

Values in Rs Crore; HL does not include Construction Finance
* MHF includes HL, LAP and CF

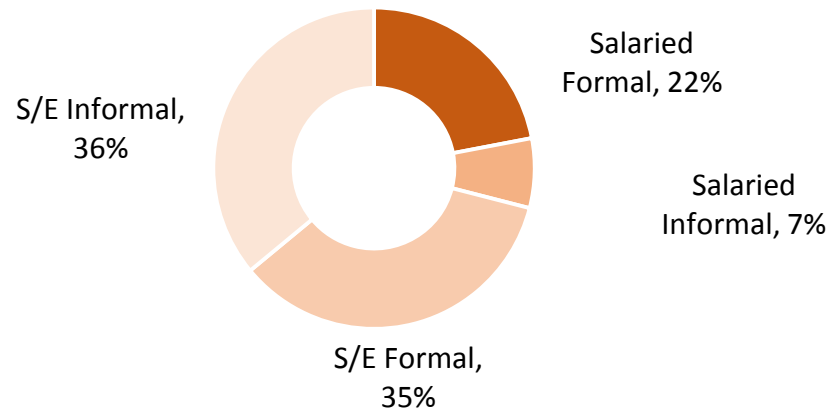
Disbursement - Diversified Business



Geography



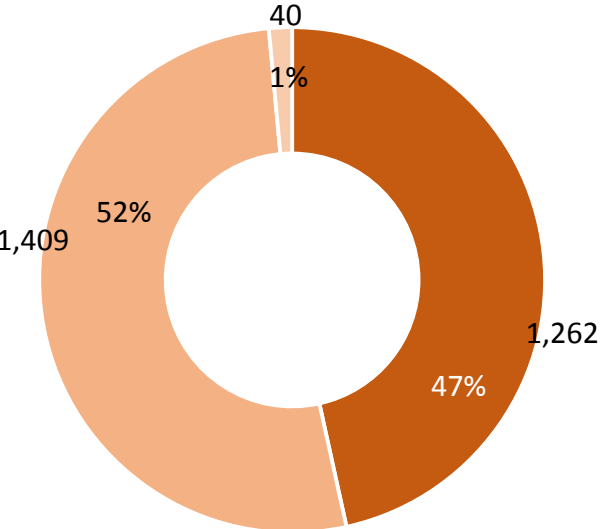
Customer Mix (Q2 FY20)



- Well-balanced national scale portfolio with minimal concentration risks
- Unique affordable finance company having national presence

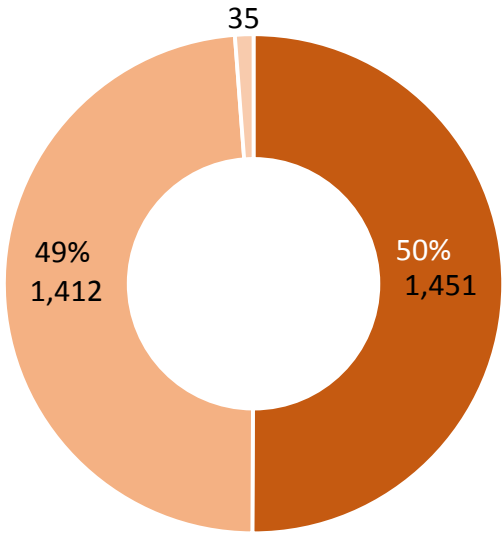
Product-wise AUM Contribution

June '19



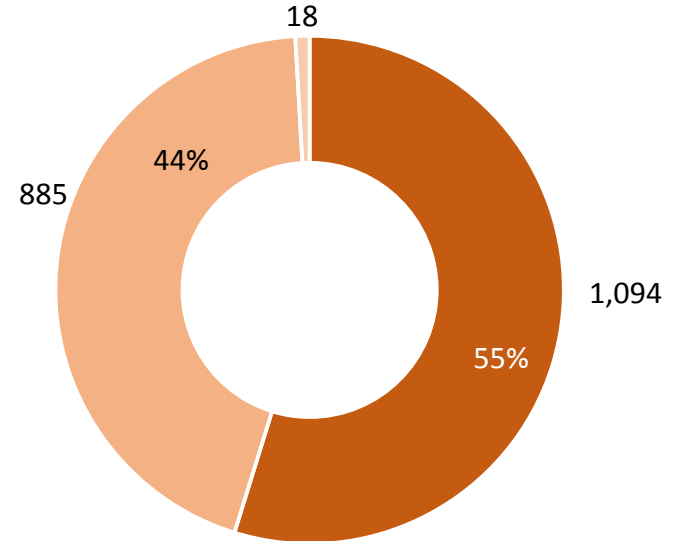
Rs. 2,711 crs

Sep '19



Rs. 2,898 crs

Sep '18



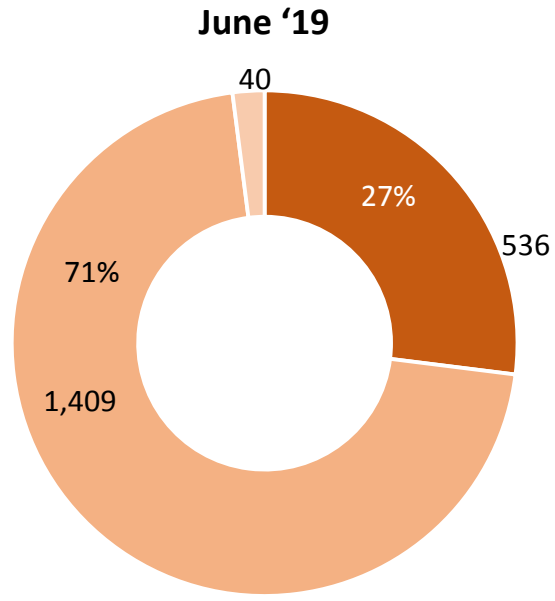
Rs. 1,997 crs

■ LAP ■ HL ■ CF

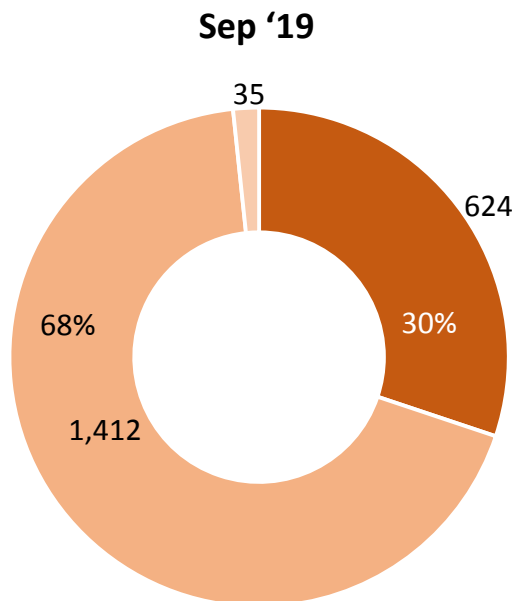
Values in Rs crore

AUM Growth of 45% YoY; HL & LAP on even keel in Q2 FY20

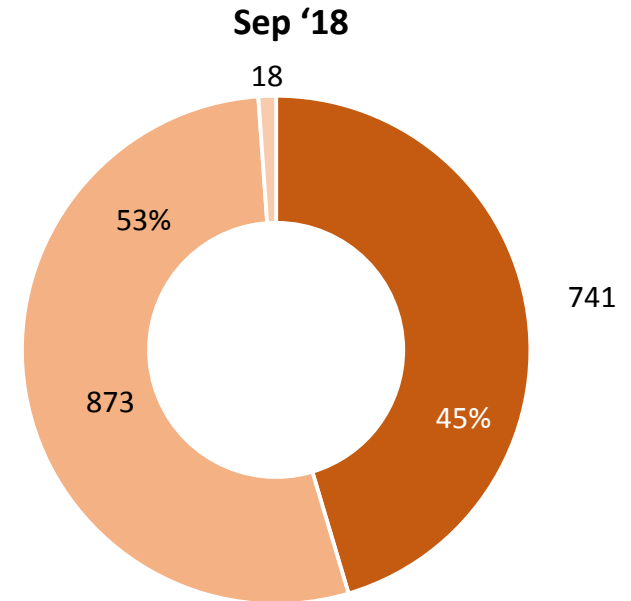
Product-wise Contribution



Rs. 1,985 crs



Rs. 2,071 crs



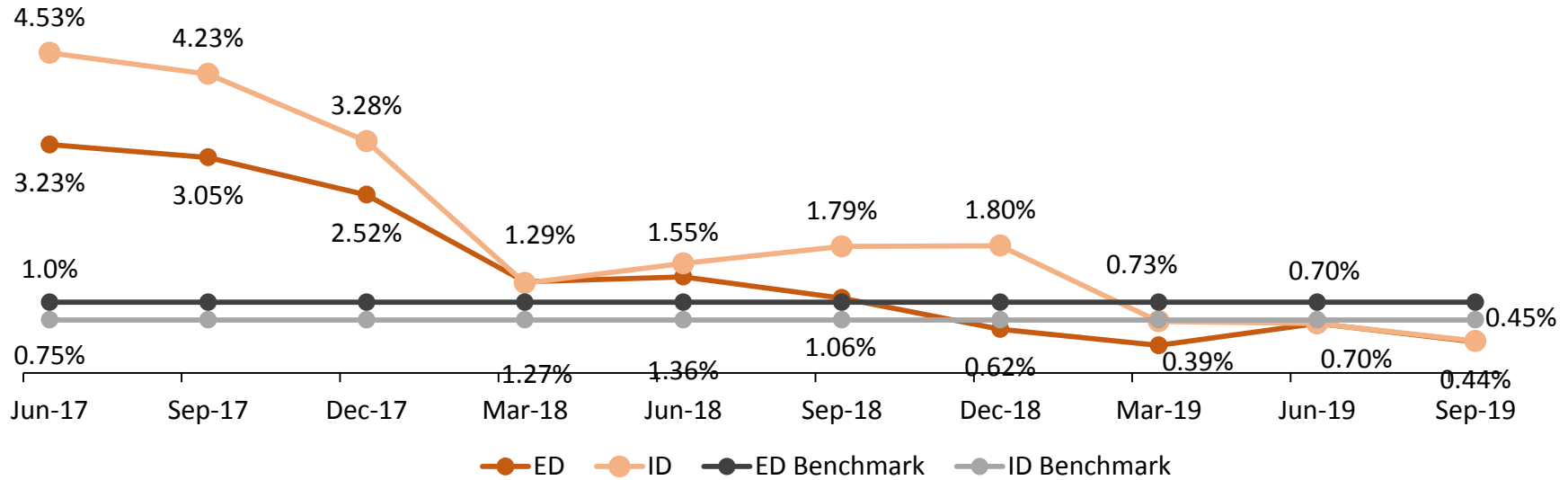
Rs. 1,643 crs

■ LAP ■ HL ■ CF

On-book Loans grew by 26% YoY

Values in Rs crore

ID & ED Trend for MHF



Y-o-Y & Q-o-Q improvement in ED and ID for Magma 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.



Collection Efficiency	Q2 FY 20	Q2 FY 19	FY 19
Home Loan	98.67%	98.63%	98.57%
LAP	97.72%	98.43%	98.91%
Total	98.16%	98.51%	98.77%



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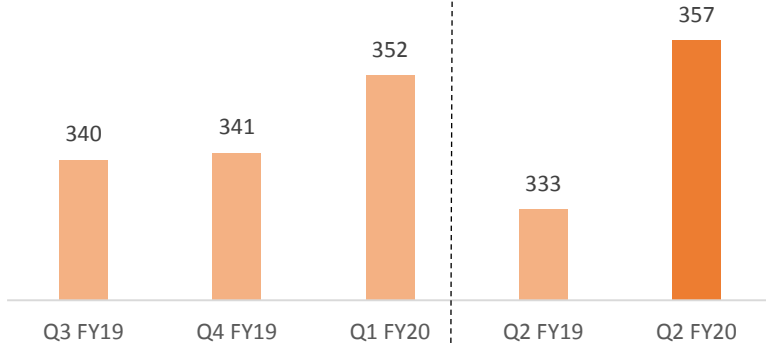
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Key Highlights Q2 FY20

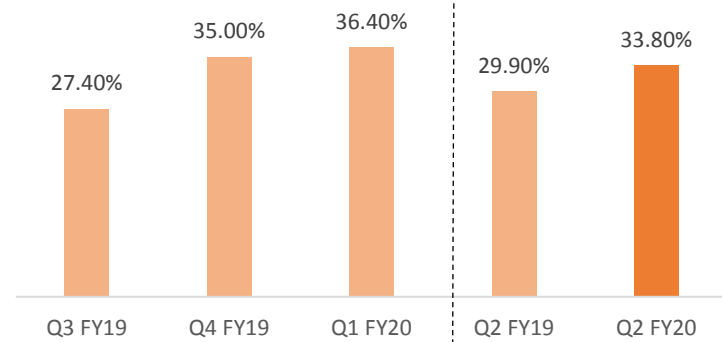
Parameter	Q2 FY20	Q2 FY19	YoY	FY19
AUM	Rs. 2,898 crs	Rs. 1,997 crs	45%	Rs. 2,430 crs
Gross NPA	2.2%	5.4%	3.2%	1.8%
Net NPA	1.6%	3.3%	1.7%	1.2%
Disbursement IRR	13.80%	12.73%	1.07%	13.1%
NIM	6.46%	7.29%	-0.83%	6.30%
NCL	0.06%	0.48%	0.42%	0.14%
Opex Ratio	3.5%	3.9%	0.4%	3.9%

Net Worth

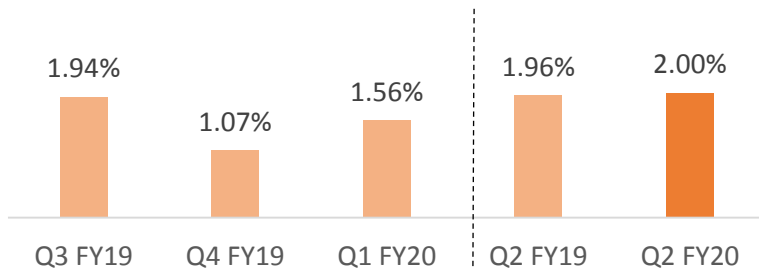


Values in Rs Crore

Capital Adequacy*



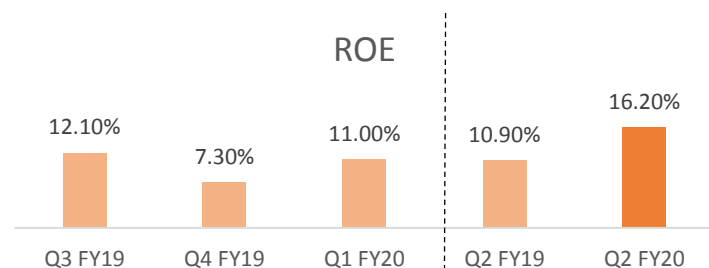
ROA



ROA- PAT (excluding OCI) / Average AUM

* Subject to RBI guidelines

ROE



ROE- PAT (excluding OCI) / Average Net Worth

Values in Rs crore

GNPA & NNPA Summary - MHFL	Mar'19	June'19	Sept'19	Sep'18
GNPA	34	45	46	88
NNPA	22	33	34	54
Loan Book (On)	1896	1985	2071	1632
GNPA%	1.80%	2.30%	2.20%	5.40%
NNPA%	1.20%	1.60%	1.60%	3.30%
PCR %	34.30%	28.10%	27.00%	39.00%



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- 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**
- 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.



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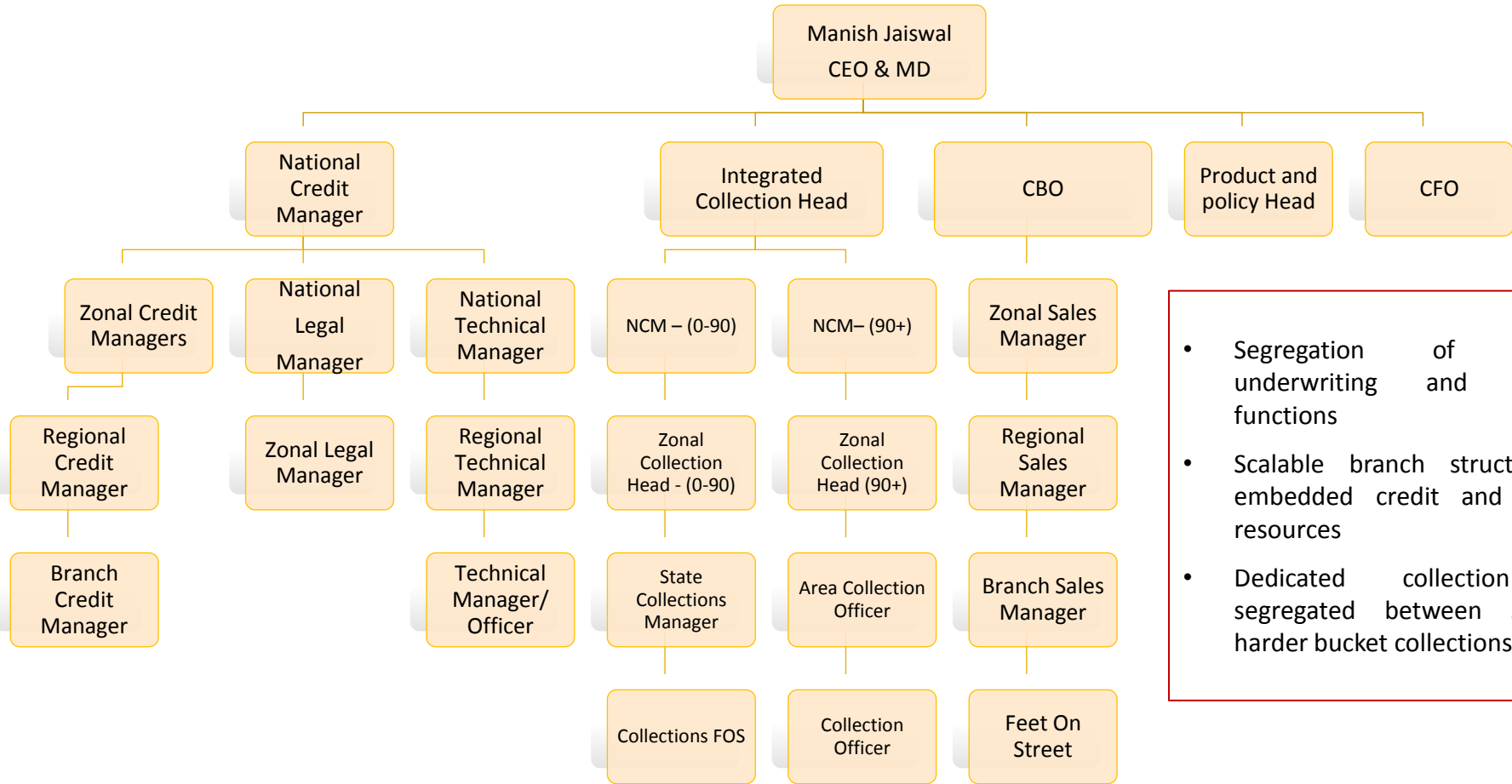
Mr. Manish Jaiswal, is the Managing Director & Chief Executive Officer of the Company. He holds a Bachelor of Engineering degree from Visvesvaraya National Institute of Technology, Nagpur and has also completed his Fast Track General Management Program from IIM, Bangalore. He has earlier served as Sr. Director & Business Head -SME Ratings and Ecosystem Business, CRISIL, Mumbai. In a career of over 25 years, he has held key positions in companies such as Dhanalaxmi Bank Limited, Fullerton India Credit Company, Citibank and Eicher Motors

Mr. Ian Desouza is the Chief Financial Officer of the Company. He is a Chartered Accountant and a Cost Accountant and holds a Master's degree in Finance from Mumbai University. He has over 23 years of experience in the Banking & BFSI domain with specific emphasis in strategy, cost optimization, profitability or productivity enhancement, financial controllership and implementation of internal control frameworks

Mr. Vishwas Shrungarpure is the Chief Business Officer of the Company. He holds a Bachelor's degree in Mechanical Engineering and a Master's degree in Business Administration from Institute of Management Studies, Devi Ahilya University, Indore. He brings with him a rich experience of 22 years in Housing Finance, Construction Finance and Mortgages, covering key areas of Sales, Credit - Risk and Collections

Mr. Milind Deshmukh is the Head of Credit of the Company. He holds a Bachelor's degree in Commerce from Mumbai University. He has more than 18 years of work experience within the Banking and Financial sector. He has been instrumental in preparing complete affordable housing policy in line with compliance, audit, legal and business aspects

Mr. Anand Wagh is the Integrated Head of Collections of the Company. He holds a Bachelor's degree in Commerce and a Bachelor's degree in Law from Mumbai University. He also holds a Masters in Business Administration from IGNOU. He has more than 28 years of work experience within the banking and Financial sector across organizations like HSBC, CITI Bank Ltd. among others.



- Segregation of business, underwriting and collection functions
- Scalable branch structure with embedded credit and technical resources
- Dedicated collection team segregated between soft and harder bucket collections



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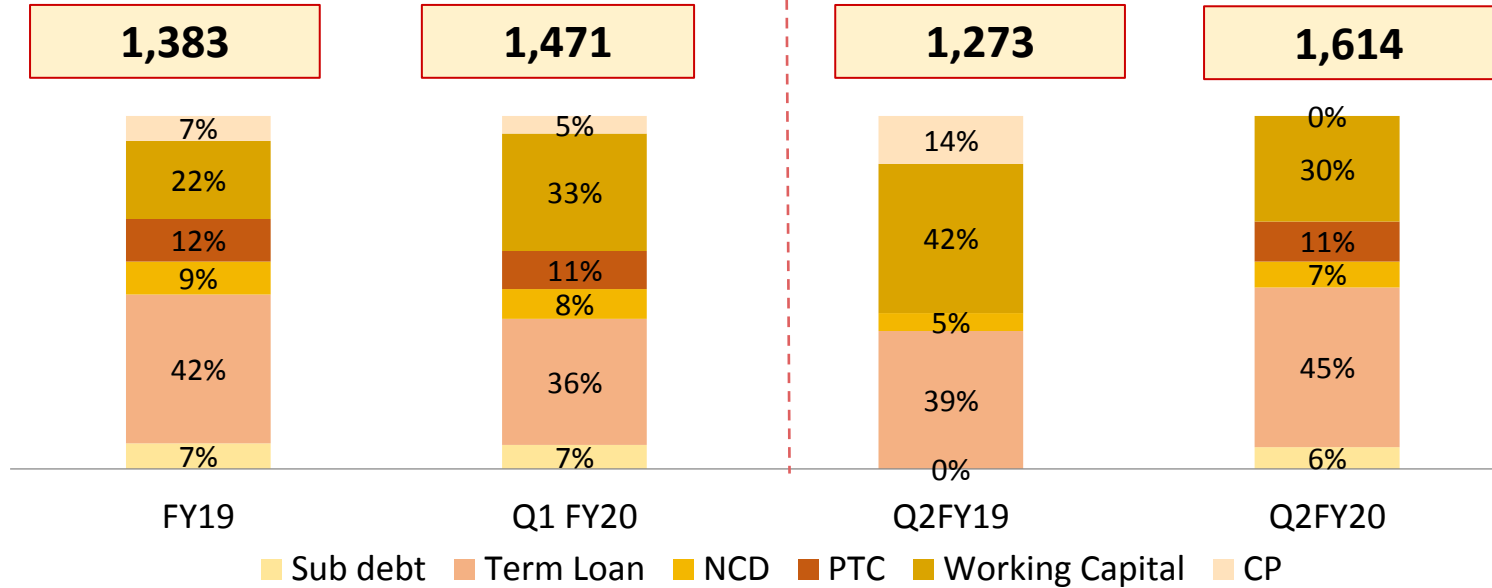
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Liability Mix

On Balance Sheet Debt



- Diversified liability sources limits concentration risk, allows stable flow of funds.
- Gearing at 4.7x



- ❑ Board comprises of **6 Directors**: 2 Independent Directors, 1 MD & CEO, 1 Non-executive Director and 2 Promoter Directors
- ❑ **Experienced management team** with proven track record, MD& CEO provides strategic direction
- ❑ Effective Monitoring through quarterly **Board and Audit Committee, ALCO, RMC and ITSC** meetings
- ❑ Key Policies: ALM, Code of Conduct, Risk Appetite Statement, etc
- ❑ **Enterprise wide, independent risk management framework (ERM)** - ‘Independent’ Risk vertical set up to assess and monitor all risks, i.e., Credit Governance, Operational, Fraud, InfoSec and Compliance Risks, and including risks associated with new products and services, customer types, geographies, and channels.
- ❑ The Company does not have any non-core investment, and is focused on building core biz with zero distractions.
- ❑ MHFL is a listed entity whose debt securities are listed on the Wholesale Debt segment of BSE Ltd
- ❑ MHFL is a Wholly Owned Subsidiary of Magma Fincorp Limited

Profit & Loss Statement



Particulars	Q1 FY20	Q2 FY20	Q2 FY19	H1 FY20	H1 FY19	FY19
Net Revenue	45	45	33	90	62	133
Expenses	27	25	19	52	36	83
Operating Profit	18	20	15	38	27	50
Net Credit Loss	5	0	2	5	3	3
Profit Before Tax	14	20	13	34	24	47
Tax	4	6	4	10	6	13
Profit After Tax	10	14	9	24	18	34

Balance Sheet



Particulars	31-Mar-19	30-Sep-19	30-Sep-18
Loans and Advances	1,873	2,046	1,584
Other Assets	89	108.4	73.4
Fixed Assets	2	6	1
Total Assets	1,964	2,161	1,659
Borrowings	1,383	1,614	1,273
Other Liabilities	238.4	188.4	52
Share Capital	341	357	333
Reserves & Surplus	1	1	1
Total Liabilities	1,964	2,161	1,659



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