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Limited review report on unaudited quarterly consolidated financial results and consolidated year-to-date results of Magma Fincorp Limited under Regulation 33 of the Securities and Exchange board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015

To Board of Directors of Magma Fincorp Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Magma Fincorp Limited (the 'Parent') and its subsidiary (the Parent and its subsidiary together referred to as the 'Group'), and its share of the net profit after tax and total comprehensive income of its joint ventures for the quarter ended 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 2020 (the 'Statement'), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

Name of the Entity	Relationship
Magma Housing Finance Limited	Subsidiary
Jaguar Advisory Services Private Limited	Joint Venture
Magma HDI General Insurance Company Limited	Joint Venture

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Registered Office:

Limited review report on unaudited quarterly consolidated financial results and consolidated year-to-date results of Magma Fincorp Limited under Regulation 33 of the Securities and Exchange board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Continued)

Magma Fincorp Limited

6. We did not review the interim financial results of one subsidiary included in the Statement, whose interim financial results reflect total revenues of ₹ 13,479.07 lacs and ₹ 33,154.26 lacs, total net profit after tax of ₹ 1,024.90 lacs and ₹ 3,134.43 lacs and total comprehensive income of ₹ 1,032.39 lacs and ₹ 3,179.63 lacs for the quarter ended 31 December 2020 and for the period from 1 April 2020 to 31 December 2020, respectively, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 47.99 lacs and ₹ 699.84 lacs and total comprehensive income of ₹ 1,313.93 lacs and ₹ 2,575.78 lacs for the quarter ended 31 December 2020 and for the period from 1 April 2020 to 31 December 2020, respectively, as considered in the Statement, in respect of one joint venture, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.
7. The Statement also includes the Group's share of net profit after tax of ₹ 0.041 lacs and ₹ 13.14 lacs and total comprehensive income / (loss) of ₹ 87.73 lacs and ₹ (329.72) lacs for the quarter ended 31 December 2020 and for the period from 1 April 2020 to 31 December 2020, respectively, as considered in the Statement, in respect of one joint venture, based on their interim financial results which have not been reviewed/audited. According to the information and explanations given to us by the management, these interim financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.
8. As described in Note 9 to the Statement, in respect accounts where moratorium benefit was granted, the staging of those accounts at 31 December 2020 is based on the days past due status considering the benefit of moratorium period in accordance with the Covid-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. As at 31 December 2020, the Group holds a cumulative additional Covid-19 related provision of ₹ 15,635.93 lacs. Further, the extent to which the Covid-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

Further, as described by other auditor in their report relating to subsidiary of the Parent, the extent to which the Covid-19 will impact the operations and the financial performance of the subsidiary is highly uncertain.

Our conclusion on the Statement is not modified in respect of these matters.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/ W – 100022

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Date: 2021.02.06
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Ashwin Suvarna

Partner

Mumbai
6 February 2021

Membership No. 109503
UDIN: 21109503AAAAAB8208



MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2020

(₹ in lacs)						
Particulars	Quarter Ended			Year To Date		Year Ended
	31 December 2020	30 September 2020	31 December 2019	31 December 2020	31 December 2019	31 March 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Revenue						
(a) Interest income	53,632.79	56,606.06	56,330.77	165,275.37	176,529.11	232,434.29
(b) Rental income	772.88	750.82	1,114.87	2,246.86	2,749.11	3,671.91
(c) Fees and commission income	2,159.06	2,030.57	2,363.12	5,017.63	6,647.06	8,650.27
(d) Net gain on derecognition of financial instruments	2,368.20	-	1,097.25	2,368.20	4,385.79	6,586.82
Total revenue from operation	58,932.93	59,387.45	60,906.01	174,908.06	190,311.07	251,343.29
(a) Other income	648.20	877.28	1,954.53	1,927.89	4,214.70	4,944.49
Total revenue	59,581.13	60,264.73	62,860.54	176,835.95	194,525.77	256,287.78
2. Expenses						
(a) Finance costs	26,963.71	28,491.99	31,032.39	84,993.89	98,112.75	129,382.18
(b) Net loss on fair value changes	54.46	228.75	21.12	302.35	47.65	461.66
(c) Impairment on financial instruments	17,715.26	13,069.97	11,667.30	39,904.43	35,576.38	48,578.97
(d) Employee benefits expenses	8,763.21	9,755.68	10,993.17	28,517.73	34,062.09	44,791.09
(e) Depreciation and amortisation expense	1,356.95	1,402.75	1,949.85	4,261.24	5,725.09	7,478.99
(f) Other expenses	3,039.32	2,639.94	4,412.65	8,087.94	12,745.98	17,316.43
Total expenses	57,892.91	55,589.08	60,076.48	166,067.58	186,269.94	248,009.32
3. Profit before share of profit/(loss) of joint ventures and tax (1-2)	1,688.22	4,675.65	2,784.06	10,768.37	8,255.83	8,278.46
4. Share of profit/(loss) of joint ventures	48.03	367.13	171.05	712.97	332.92	(100.72)
5. Profit before tax (3+4)	1,736.25	5,042.78	2,955.11	11,481.34	8,588.75	8,177.74
6. Tax expense						
(a) Current tax - current year	935.05	2,154.87	785.30	5,542.02	3,230.53	1,656.00
- earlier year	10.41	-	(114.51)	(143.03)	(181.24)	(141.35)
(b) Deferred tax	(508.21)	(917.24)	45.51	(2,793.25)	(716.68)	3,957.75
Total tax expense	437.25	1,237.63	716.30	2,605.74	2,332.61	5,472.40
7. Profit for the period (5-6)	1,299.00	3,805.15	2,238.81	8,875.60	6,256.14	2,705.34
8. Other comprehensive income						
(a) (i) Items that will not be reclassified to profit and loss						
Remeasurements of the defined benefit plans	18.66	114.76	11.69	124.72	(168.91)	(323.94)
Share of profit of joint venture, net of tax	-	-	-	-	-	(18.80)
(ii) Income tax relating to items that will not be reclassified to profit and loss	(4.70)	(28.88)	(3.85)	(31.39)	58.96	34.41
(b) (i) Items that will be reclassified to profit and loss						
Debt Instruments through other comprehensive income	20.13	528.89	(24.53)	152.44	(1,363.10)	(1,105.76)
Share of profit of joint venture, net of tax	1,353.63	(1,022.00)	(112.84)	1,533.09	294.87	1,064.75
(ii) Income tax relating to items that will be reclassified to profit and loss	(5.06)	(133.11)	30.34	(38.36)	426.85	266.35
Total other comprehensive income	1,382.66	(540.34)	(99.19)	1,740.50	(751.33)	(82.99)
9. Total comprehensive income for the period (7+8)	2,681.66	3,264.81	2,139.62	10,616.10	5,504.81	2,622.35
10. Total comprehensive income for the period attributable to						
(a) Owners of the Company	2,681.66	3,264.81	2,139.62	10,616.10	5,504.81	2,622.35
(b) Non-controlling interests	-	-	-	-	-	-
11. Profit for the period attributable to						
(a) Owners of the Company	1,299.00	3,805.15	2,238.81	8,875.60	6,256.14	2,705.34
(b) Non-controlling interests	-	-	-	-	-	-
12. Other comprehensive income attributable to						
(a) Owners of the Company	1,382.66	(540.34)	(99.19)	1,740.50	(751.33)	(82.99)
(b) Non-controlling interests	-	-	-	-	-	-
13. Paid-up equity share capital (Face value of ₹ 2/- each)	5,391.83	5,390.50	5,388.66	5,391.83	5,388.66	5,390.31
14. Earnings per share (not annualised)						
(a) Basic (in ₹)	0.48	1.41	0.83	3.29	2.32	1.00
(b) Diluted (in ₹)	0.48	1.41	0.83	3.29	2.31	1.00

See accompanying notes to the financial results



MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2020

Notes :

- 1] The consolidated financial results of Magma Fincorp Limited ("the Company"), its subsidiary (collectively referred to as 'the Group') and its joint ventures have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. These financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 - 'Interim Financial Reporting'. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable .
- 2] The unaudited consolidated financial results have been reviewed by the Audit Committee on 6 February 2021 and recommended for adoption to the Board of Directors. The Board of Directors of the Company have considered and approved the same at its meeting held on 6 February 2021.
- 3] The above consolidated financial results have been subjected to limited review by the Statutory Auditors of the Company as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The reports of the Statutory Auditors are unqualified.
- 4] In accordance with Regulation 33 of the Listing Regulations, the Group publishes consolidated financial results. The review report of the Statutory Auditors and financial results shall be filed with BSE Limited and National Stock Exchange of India Limited and shall be available on the Company's website www.magma.co.in or on the website of BSE (www.bseindia.com) or NSE (www.nseindia.com).
- 5] The consolidated financial results have been prepared in accordance with Ind AS 110 (Consolidated Financial Statements) and Ind AS 111 (Joint Arrangements) and comprise of the financial results of Magma Fincorp Limited, its subsidiary, Magma Housing Finance Limited ('MHFL') and its joint ventures, Magma HDI General Insurance Company Limited and Jaguar Advisory Services Private Limited.
- 6] The Group's operating segments are established in the manner consistent with the components of the Group that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Group is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.
- 7] During the quarter, the Company has allotted 66,600 equity shares (Year to date - 76,200 equity shares) of the face value of ₹ 2/- each on 6 November 2020 to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time. After the end of quarter, the Company has also allotted 25,200 equity shares (Year to date - 101,400 equity shares) of the face value of ₹ 2/- each on 4 February 2021 to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 26,96,16,712 equity shares of ₹ 2/- each aggregating to ₹ 5,392.33 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During the quarter, the Nomination and Remuneration Committee of the Board of Directors has granted 12,80,515 options under various tranches at an exercise price of ₹ 38.21/- per share respectively under Magma Restricted Stock Option Plan 2014 ('MRSOP 2014'). These options have been granted to the eligible employees of the Company (each Option entitles the option holder to 1 equity share of ₹ 2/- each).

During the quarter, the Nomination and Remuneration Committee of the Board of Directors has granted 92,000 options under various tranches at an exercise price of ₹ 2/- per share respectively under Magma Employee Stock Option Plan 2007 ('MESOP 2007'). These options have been granted to the eligible employees of the Company (each Option entitles the option holder to 1 equity share of ₹ 2/- each).

- 8] The listed Non Convertible Debentures of the Company as on 31 December 2020 are secured by exclusive charge on standard receivables of the Company and also by a subservient charge over certain immovable properties. The total asset cover is hundred percent or above of the principal amount of the said debentures.
- 9] In accordance with the Board approved moratorium policy and the Reserve Bank of India guidelines relating to COVID-19 Regulatory Package dated March 27 2020, April 17 2020 and May 23 2020, the Company offered moratorium on payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and August 31 2020 to all eligible borrowers as per the Company's policy. For all loans where moratorium was availed by the borrowers, the Company had kept ageing of such loans and their asset classification at standstill during the moratorium period.

Further, no borrower accounts under the moratorium granted category have been classified as non-performing assets (NPA), for prudential reporting purposes, which were not declared non-performing till 31 August 2020, in view of the Supreme Court order dated 3 September 2020 (Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India & ANR). However, staging classification and provision has been made on such accounts as applicable for Stage 3 assets.

As at 31 December 2020, Company holds cumulative provision against the potential impact of COVID-19 to the tune of ₹ 15,635.93 lacs. The Company has made these provisions on the basis of management judgement of expected losses on its loan portfolio. Any potential excess/ shortfall based on actual experience will be adjusted in the relevant period in future.

Further, the underlying forecasts and assumptions applied by the Company in determination of ECL provision (including additional provision) are subject to uncertainties which are often outside the control of the Company and accordingly, actual results may differ from these estimates.

The Company has been duly servicing its debt obligations. The Company's Capital Adequacy and Liquidity position remains strong and shall continue to be an area of focus.



MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2020

- 10] The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, has announced COVID-19 Relief Scheme for grant of ex-gratia payment being difference between compound interest and simple interest for six months period from 1 March 2020 to 31 August 2020 to eligible borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium was availed or not. During the quarter, the Company has implemented the Scheme and credited the accounts of the eligible borrowers. Further, Company has also filed claim with Nodal Officer of the Scheme and same is under process.
- 11] The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules thereunder are yet to be framed. Accordingly, actual impact of this change will be assessed and accounted for when the notification becomes effective.
- 12] Unaudited Financial Results of Magma Fincorp Limited (Standalone Information):

Particulars		Quarter Ended			Year To Date		Year Ended
		31 December 2020	30 September 2020	31 December 2019	31 December 2020	31 December 2019	31 March 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		(₹ in lacs)	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)
1.	Total revenue	45,943.84	49,622.17	53,585.83	143,333.25	169,461.28	221,903.40
2.	Profit before tax	158.41	2,713.03	672.67	6,252.56	3,537.75	3,418.30
3.	Profit/(loss) for the period	105.27	1,970.55	539.95	4,755.39	2,533.94	(1,001.08)
4.	Total comprehensive income for the period	126.81	2,151.53	285.69	4,917.60	2,090.53	(1,618.34)

- 13] Previous year's /quarter's figures have been regrouped and rearranged wherever necessary to confer to the current quarter's/year's presentation.

By order of the Board
For **Magma Fincorp Limited**

SANJAY CHAMRIA
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Sanjay Chamria
Vice Chairman and Managing Director
DIN No.: 00009894

Place : Mumbai
Dated : 6 February 2021

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