



Media Release

Capital Raise by Magma HDI

16th March 2021



Background

- Magma HDI has announced, subject to statutory and regulatory approvals, a transaction of Rs 525 crores which involves:
- Issuance of fresh capital of Rs 250 crores to the following marquee private equity funds:
 - Rs. 157 crores to be issued to two entities advised / managed by ICICI Venture Private Equity Fund (collectively “ICICI Venture”)
 - Rs. 93 crores to be issued to Morgan Stanley Private Equity Funds (“Morgan Stanley Private Equity”)
- The transaction also envisages secondary sale of Rs 275 crores of equity shares by Promoter entity to the following parties:
 - Rs. 83.3 crores to ICICI Venture
 - Rs. 49.7 crores to Morgan Stanley Private Equity
 - Rs. 84.3 crores by Cyza Chem (a Poonawalla Group entity) & balance Rs 57.4 crores by two family offices
- The transaction would help Magma Group to achieve the regulatory shareholding requirement for NBFCs in an insurance company

Salient Features of the Transaction

Particulars	Details
Transaction	Total Deal Size of Rs 525 crores - Primary of Rs 250 crores and Secondary of Rs 275 crores
Pre Money Equity Valuation	Rs 1,200 crores on full diluted basis (Rs 76.42 per share)
Shareholding Post Closure	<ul style="list-style-type: none">▪ Magma Fincorp – 24.2%▪ HDI – 17.1 %▪ ICICI Venture – 16.7%▪ Jaguar Advisory – 12.0 %▪ Morgan Stanley Private Equity – 9.99%▪ Serum Institute – 8.2%▪ Cyza Chem – 5.9%▪ Others (including Family Offices & Employees) – 5.9%
Board Composition	<ul style="list-style-type: none">▪ ICICI Venture and Morgan Stanley will appoint nominee Directors to the Board
Regulatory Approvals	<ul style="list-style-type: none">▪ The transaction is subject to applicable statutory and regulatory approvals

Benefits of the Transaction

- **Capital Raise for the Company:**

- Infusion of Rs. 250 crores of equity into the Company, thereby substantially enhancing the solvency ratio of the company from 1.8x as of December 2020
- The fresh capital infusion will provide the growth capital to meet the needs of the expanding distribution capabilities of the company

- **Meeting RBI shareholding requirements for NBFCs**

- The secondary sale of Rs. 275 crores helps in meeting the shareholding requirements in the insurance company by NBFCs along with their group companies (maximum 50%)

- **Marquee Shareholders**

- Investment by marquee Private Equity Investors like ICICI Venture and Morgan Stanley along with leading family offices further underwrites the confidence in the Company's business and the quality of the Management team
- This development will support the strong growth trajectory of the Company and will set it's path to be amongst the leading players in the industry
- The transaction is also expected to have a positive impact on the company's market presence, creating a preferred brand for customers and employees alike

Advisors to Magma HDI

Particulars	Details
Exclusive Financial Advisor	<ul style="list-style-type: none">• Ambit Private Ltd
Legal Advisor	<ul style="list-style-type: none">• Wadia Ghandy & Co