

## **Proposed acquisition of controlling stake in Magma Fincorp Limited by Rising Sun Holdings, a company controlled by Mr. Adar Poonawalla and fresh capital raise of INR 3,456 crores through a preferential allotment**

**Mumbai, 10 February 2021:** Rising Sun Holdings Private Limited (“**Rising Sun Holdings**”), a company controlled by Mr. Adar Poonawalla and Magma Fincorp Limited (“**Magma Fincorp**”) today announced a transaction for preferential issue of equity shares of Magma Fincorp which will result in a controlling stake being taken by Rising Sun Holdings and an open offer as per Public Announcement made under SAST guidelines.

The preferential allotment is for an aggregate value of Rs. 3,456 crores, subject to shareholders’ and other regulatory approvals. As part of the transaction, Magma Fincorp proposes to allot 45,80,00,000 shares to Rising Sun Holdings, and 3,57,14,286 shares to **Mr. SANJAY CHAMRIA** and **Mr. MAYANK PODDAR**.

The preferential allotment represents 64.68% of MFL’s enhanced equity share capital post the issue. Based on current shareholding, Rising Sun Holding would hold 60.0% stake in the entity post issuance and the existing promoter group stake would get reduced to 13.3% post issuance. The **Net Worth** of Magma Fincorp shall increase to over Rs. 6,300 crores post the issuance.

Following the preferential issue, Rising Sun Holdings would be classified as “Promoter” of Magma Fincorp. **Magma Fincorp Ltd and its subsidiaries shall be renamed and rebranded under the brand name “Poonawalla Finance”,** subject to regulatory approvals. Subsequent to the completion of the preferential allotment, the existing financial services business of Poonawalla Finance is proposed to be consolidated into Magma Fincorp subject to compliance with extant regulations.

Rising Sun Holdings intends to nominate **Mr. Adar Poonawalla as the Chairman of the Board of Directors and Mr. Abhay Bhutada, presently Managing Director & CEO of Poonawalla Finance, as Managing Director. Mr. Sanjay Chamria would continue as the Executive Vice Chairman of the Board.** The management team will be further strengthened through the appointment of a professional CEO & COO from amongst the best in the industry, with substantial experience of running large financial services’ businesses.

Rising Sun Holdings values the strength of the existing network and employees of Magma Fincorp, and the acquisition of a controlling stake along with huge capital infusion is expected to have a positive impact on the business operations, including for customers, employees, lenders and other stakeholders.

Mr. Adar Poonawalla and Magma Fincorp clearly believe that the transaction would be in the best interests of all the stakeholders and post transaction, the Magma Fincorp would be uniquely placed to leverage the vast opportunities in the lending space with expected reduction in borrowing cost.

Strong corporate backing and substantial fund infusion is likely to have a positive effect on the credit rating of the company as well. This infusion would also enable Magma Fincorp to further invest in its Housing Finance subsidiary and General Insurance joint venture, as required

Economic Laws Practice is acting as the tax and transaction advisor and Khaitan & Co is acting as the legal advisor and Axis Capital Limited is acting as the merchant banker to the open offer to Rising Sun Holdings.

Deloitte Touche Tohmatsu India LLP is acting as the exclusive financial advisor to Magma Fincorp, Wadia Ghandy & Co is acting as legal advisor and Vinod Kothari & Co is acting Corporate law Advisors to Magma Fincorp.

Commenting on the proposed transaction, **Mr. Adar Poonawalla**, Director, Rising Sun Holdings Private Limited said, “I am excited at this opportunity to infuse majority capital for controlling stake of Magma Fincorp. I see an unlimited potential in India in the financial space as our economy is poised to grow in double digits and this ties in with our Group philosophy of serving the needs and dreams of the nation, and financial service plays an important role in supporting and fuelling the growth of our country. This transaction is subject to statutory and regulatory approvals.”

Commenting on the proposed transaction, **Mr. Sanjay Chamria, Vice Chairman and Managing Director**, Magma Fincorp Limited said, “Considering the positives in the deal by way of huge capital infusion, strong brand value and ability to attract top notch talent, the Board of the Company has rightly decided to accept an offer for a substantial equity infusion into the Company. This would help in propelling the Company into a higher growth trajectory, benefiting from potential lower cost of funds, improved credit rating and with additional leveraging of the huge distribution network, will eventually improve the overall RoE. We are proud to be associating with one of the country’s finest & reputed business groups, and hope to together take the Company to new heights.”

#### **About Mr. Adar Poonawalla**

Mr. Adar Poonawalla, is the CEO of Serum Institute of India. An innovator at his core, Mr. Adar Poonawalla has been dedicated to developing affordable children’s vaccines and providing the same across the globe.

He joined the [Serum Institute](#) of India in 2001, after graduating from the University of Westminster in London. Then exporting its products to 35 countries, [Poonawalla](#) concentrated on the company’s international market and on getting new products licensed and pre-qualified by the World Health Organization, for supply to United Nations Agencies including UNICEF and PAHO. As of 2015, the company now exports its products to over 140 countries worldwide, out of which 85 percent of its revenues are from the overseas.

In 2011, he became the CEO of [Serum Institute](#) with complete control of the day-to-day operations of the company. In 2012, he played a major role in the acquisition of Bilthoven Biologicals, a Netherlands-based government vaccine manufacturing company. [Poonawalla](#) is also associated as a board member of the GAVI Alliance, which is the global Vaccine Alliance. He initiated and launched [Serum Institute’s](#) Oral Polio Vaccine in 2014, which addressed a global shortage of Polio vaccines at that time, and every year plans to launch a new vaccine for public health starting 2017. In 2014, it was reported that he also planned to expand the product portfolio to include vaccines for dengue, flu and cervical cancer.

He is the recipient of many business and philanthropy awards from CNBC TV18, CNN TV18, Economic Times, Hurun and many others, to name a few in the recent past.

#### **About Magma Fincorp Limited**

Magma Fincorp Limited (“Magma”) a Mumbai-based non-deposit taking non-banking finance company (NBFC), is registered with the Reserve Bank of India (RBI). The Company started operations nearly three decades back and is listed on the Bombay Stock Exchange Limited and the National Stock Exchange in India.

Magma a financial conglomerate offers a bouquet of financial products including commercial finance, agri finance, SME finance, mortgage finance and general insurance. Magma is focused on the rural and semi-urban sector with a widespread coverage and presence across 21 States and 298 Branches. Magma’s customer base has crossed 5 million and manages a loan book of Rs 15,006 cr.

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