
ICICI Venture and Morgan Stanley PE Asia Lead a Rs 525 Crores Transaction in Magma HDI

Mumbai, 16 March 2021: Magma HDI General Insurance Limited (Magma HDI) has announced a transaction, which involves bringing in funds managed by ICICI Venture and Morgan Stanley Private Equity Asia along with the Cyza Chem Pvt Ltd (a Poonawalla Group Company), and two family offices as new shareholders in the Company. The transaction of Rs 525 crores includes a primary capital raise of Rs 250 Crores.

Fresh capital infusion of Rs. 250 crores will provide growth capital to meet the needs of the expanding distribution capabilities of the company. The secondary sale of Rs 275 crores enables Magma Fincorp Limited and its group companies in complying with the Reserve Bank of India's guidelines for ownership of stake in insurance companies.

The transaction is subject to shareholder and regulatory approvals, including the Insurance Regulatory and Development Authority (IRDAI) and the Competition Commission of India (CCI).

Mr. Rajive Kumaraswami, Managing Director & Chief Executive Officer, Magma HDI General Insurance commenting on the capital raise said, "We are glad to welcome the new shareholders into the Company and appreciate the continued support from our existing shareholders. The growth capital which the investors bring on board will enable us to expand the business and explore new opportunities. The insurance sector is poised to see exponential growth given the low penetration and the trigger of the pandemic which has led people to look at insurance as protection."

Mr. Adar Poonawalla, Chief Executive Officer, Serum Institute of India, commented, "We are delighted to continue our support as shareholders of Magma HDI and I see huge potential in the growth of Magma HDI which is a young and fast growing company. We are confident that it can reach its full potential in next few years."

Mr. Abhay Bhutada, Managing Director & Chief Executive Officer, Poonawalla Finance commented "We are very excited with the ever expanding opportunity in the BFSI space and with the capital infusion in Magma HDI by marquee investors and further increase by the Poonawalla group's direct stake in the insurance arm, the company is well capitalised and poised for profitable growth and increasing its market share."

Mr. Sanjay Chamria, Vice Chairman & Managing Director, Magma Fincorp Limited said, "Magma HDI has been performing exceptionally well and with the induction of high quality investors and direct and indirect capital infusion by Poonawalla group, sky is the limit for the company to realise its full potential and carve out a niche for itself in the GI industry."

Mr. Puneet Nanda, Managing Director & Chief Executive Officer, ICICI Venture, said, “We are excited about the prospects offered by the under-penetrated Indian insurance sector. We look forward to working with the Board and the team of Magma HDI General Insurance in their quest for accelerated growth and keen desire to make a mark in the Indian GI market whilst meeting the protection needs of the Indian customer.”

Mr. Nirav Mehta, Managing Director of Morgan Stanley Private Equity Asia, said, “General Insurance sector in India is poised for a structural growth phase, and we believe that Magma HDI is well-placed to tap this opportunity given its management strength, careful product selection, prudent underwriting, and distribution network. We are excited to partner with Magma HDI in its next phase of growth.”

Magma HDI General Insurance has been one of the fastest growing GI companies, with a CAGR of 45% in the last three years. The company’s solvency stands at 1.81 times as on 31st December 2020, against the required regulatory solvency of 1.5 times. For the 9MFY21 period ending Dec’20, the company recorded a Profit After Tax of Rs 22.3 Crore on a Gross Written Premium (GWP) of Rs 911.2 Crore compared to Rs 7.3 Crore PAT on a GWP of Rs 948.5 Crore, same period last year. As of Dec’20, the investment book stands at a robust level of Rs 2,881 Crore.

Ambit Private Limited is the exclusive financial advisor and Wadia Ghandy is the legal advisor to the transaction.

About Magma HDI General Insurance Company Limited:

Magma HDI General Insurance is a joint venture between Magma Fincorp Limited and HDI Global SE, Germany. The company offers an array of general insurance products for retail and institutional clients. In the retail segment, it offers motor, health, individual personal accident and home; and for corporates, it offers property, fire, marine cargo, liability insurance and more. Magma HDI has 133 branches, with over 1,000 employees and has serviced over 40 lakh customers till date.

Magma HDI has been conferred with awards, namely, ‘Golden Peacock Award for Risk Management’, ‘Rising Star Company of the Year’ at India Insurance Awards 2020, and ‘Outstanding use of AI & Robotics’ at BFSI Excellence Awards 2020. It has also been included in the list of Best BFSI Brands by The Economic Times.

For more information, please log on to: <https://www.magmahdi.com/>

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