

Magma General Insurance Limited

March 12, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Subordinate Debt*	175.00	CARE AA (RWN)	Assigned
Subordinate Debt*	100.00	CARE AA (RWN)	Continues to be on Rating Watch with Negative Implications
Subordinate Debt*	250.00	CARE AA (RWN)	Continues to be on Rating Watch with Negative Implications
Subordinate Debt*	75.00	CARE AA (RWN)	Continues to be on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

**The rated subordinate debt issuance exhibits the following key features:*

- *The company can pay interest only if its solvency ratio is above the regulatory minimum.*
- *If the solvency ratio falls below the regulatory threshold, or if paying interest causes the solvency ratio to drop below the regulatory minimum, then the company must get approval from the regulator before making interest payments.*
- *If payment of interest results in a net loss or increases an existing net loss, regulatory approval is needed for the same.*

Delay in payment of interest / principal (as the case may be) following the invocation of covenants, would constitute an event of default per CARE Ratings Limited's (CareEdge Ratings) definition of default and as such these instruments may exhibit sharper migration of the rating.

Rationale and key rating drivers

The rating assigned to subordinated debt instrument of Magma General Insurance Limited (Magma) [Erstwhile Magma HDI General Insurance Company Limited] continues to be placed on 'Rating Watch with Negative Implications'. On March 13, 2025, Magma intimated the stock exchange that the Board of Directors of Magma has approved execution of the share purchase agreement (SPA) with respect to the proposed transfer of equity shares by the existing promoters (Poonawalla Group) and other investors to Patanjali Ayurved Limited (PAL) and Dharmpal Satyapal Group (DS Group – via trusts including S.R. Foundation, RITI Foundation, RR Foundation, Suruchi Foundation and Swati Foundation). Pursuant to the SPA and subject to the terms and conditions, 98.06% stake in Magma will be acquired by PAL (73.56%) and DS Group (24.50%).

CARE Ratings Limited (CareEdge Ratings) notes that the transaction has received approval from the Competition Commission of India (CCI), while the other approvals, including from the regulator – the Insurance Regulatory and Development Authority of India (IRDAI), are still awaited. CareEdge Ratings will continue to monitor the developments in this regard and will take an appropriate rating action once the transaction is completed and there is greater clarity of this event's impact on the business and the financial risk profile of the company. Magma's credit profile, upon completion of the transaction, will be assessed based on CareEdge Rating's view on the credit profile of PAL, operational, managerial and branding synergies with the incoming investors, and the degree of financial support expected from the incoming investors to Magma.

The rating, at present, derives strength from the financial flexibility arising from Magma's association with the Poonawalla Group and the expectation of capital support, if and when needed, from the existing promoters, until the share sale transaction is completed or in case the transaction does not materialise.

The rating continues to factor in Magma's experienced management team, stable investment portfolio, and adequate solvency position. However, the rating is constrained by moderate size of operations, limited business diversification and modest profitability metrics.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant and sustained increase in scale of operations and overall market share, and a diversification in the product portfolio.
- Improvement in profitability metrics, through sustained reduction in a combined ratio.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Material changes in shareholding pattern, leading to weakening support philosophy from the Poonawalla group, or weakening credit profile of the promoter group.
- Weakness in the capitalisation profile, with solvency falling below 1.7x on a sustained basis.

Analytical approach:

Standalone, and factoring in the linkage with the promoter (the Poonawalla group).

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Expected support from the existing promoter till completion of the announced stake sale, including in case the deal does not materialise

On March 13, 2025, Magma informed the stock exchange that its Board of Directors has approved the proposed transfer of ~98.06% of equity shares by existing promoters and other investors to PAL (73.56%) and DS Group (24.50%) through associated trusts (S.R. Foundation, RITI Foundation, RR Foundation, Suruchi Foundation, and Swati Foundation). The transaction is subject to applicable regulatory approvals.

Currently, Magma is 72.41% held by Sanoti Properties LLP (Sanoti), which is held by Adar Poonawalla and Rising Sun Holdings Private Limited (RSPHL) in the ratio of 90%:10%. RSHPL is the holding company of the Poonawalla Group, having investments in insurance, retail, pharma, and the financial services segments. Over the last few years, Poonawalla Group has infused ₹1,065 crore gradually increasing its stake to 72.41%. In November 2024, ₹300 crore of equity capital was infused, of which ₹150 crore was infused by Sanoti while remaining ₹150 crore was infused by non-promoter companies/ family offices.

By virtue of the strong parentage, the company benefits from capital support and financial flexibility which has enabled gradual diversification of the company's earnings profile from motor insurance to other distribution intensive segments such as health insurance.

The company's board of directors consists of eight directors with varied experience in their respective functional areas. The board includes one nominee from Poonawalla group and two nominees from Celica Developers. Rajive Kumaraswami is the Managing Director and CEO of Magma, having over two decades of experience in the insurance industry. Magma's key management team consists of professionals with relevant industry experience.

CareEdge Ratings will continue to monitor developments related to the transfer of equity shares from the current promoters to PAL and DS Group and will take a final rating action upon completion of the transaction and subsequent evaluation of the updated credit profile.

Adequate solvency

Magma's solvency margin stood at 1.81x as on December 31, 2025 (March 2025: 2.02x), which is above the regulatory threshold of 1.50x translating into an excess capital of ₹268 crore as on December 31, 2025 [March 2025: ₹401 crore]. The y-o-y reduction in solvency margin was led by higher than industry growth in GWP and growth in distribution intensive health and personal accident insurance business. Currently, the company is in process to raise up to ₹175 crore of sub debt.

Going forward, CareEdge Ratings expects the solvency margins to remain above of 1.70x in the medium term.

Key weaknesses

Modest size of operations with limited business diversification though improving

Magma's gross direct premium (GDP) grew by compounded annual growth rate (CAGR) of 22% between FY21 and FY25 to ₹3,334 crore [PY: ₹3,044 crore] against general insurance industry CAGR of 10%. Driven by the growth company's market share continues to increase which stood at 1.08% for FY25 [PY: 1.05%], further the market share stood at 1.01% for 9MFY26. The market share for motor and health segment stood at 1.91% for 9MFY26 [March 2025: 2.09%] and 0.65% [March-2025: 0.60%], respectively.

While CareEdge Ratings notes the growth in the company's size and overall market share, it remained modest overall. The product mix has been gradually diversified with share of motor segment in total GWP decreasing (accounted for 56.9% of GWP in FY25 against 62.9% in FY24). The company has been focusing on diversifying its line of business (LOB) by increasing the share of health and personal accident insurance business, the share of which increased to 27.3% in FY25 [PY: 21.4%] while share of commercial segment was stable at 15.8% of GWP in FY25 [PY: 15.6%].

Within motor segment, the company has further diversified its portfolio with commercial vehicle consisting of 52.7% share in the segment in FY25 [PY: 45.9%] followed by private car (FY25: 24.9%, FY24: 24.9%), two-wheeler (FY25: 13.7%, FY24: 20.4%), tractor (FY25: 4.8%, FY23: 5.4%) and standalone third party (FY25: 3.9%, FY24: 3.4%). Within health and personal accident insurance segment, the company has been focusing on small and medium enterprise (SME) group health business (31% of this group business has less than 500 lives insured).

In FY25, Magma sources 36.8% of its GWP from agency network [PY: 39.3%], 20.2% [PY: 22.3%] from original equipment manufacturers (OEMs), 26.2% [PY: 18.8%] from corporate sales team and 3.9% [PY: 6.7%] from banca channels. Company has been aiming to diversify and strengthen its distribution franchise through ecommerce and other innovative channels apart from agency and OEMs.

Moderate profitability metrics

The company achieved breakeven in FY25 with reported profits of ₹1 crore compared to losses of ₹141 crore in FY24. This has been supported by gradual reduction in expense of management (EOM) to GWP (EOM - per the regulatory returns filed) of 31.7% for FY25 [PY: 32.9%]. Over the medium term, the reduction in EOM is expected to be supported by economies of scale and balanced health portfolio. The loss ratio in FY25 was stable at 79.8% [PY: 79.9%]. Led by decrease in EOM, the combined ratio² decreased to 115.4% for FY25 [PY: 124.3%]. Additionally, the company's reported investment income in FY25 stood at ₹522.33 crore [PY: ₹403.9 crore] with a reported investment yield of 7.0% [PY: 6.6%].

In 9MFY26, company reported a profit after tax (PAT) of ₹27 crore [PY: ₹31 crore]. Loss ratio increased to 82.5% for 9MFY26 [PY: 79.4%] with increase in share of health segment in total GWP; however, expense ratio to GWP decreased to 30.4% for 9MFY26 [PY: 33.0%], partially absorbing the impact. As a result, combined ratio increased marginally 115.0% [9MFY25: 114.0%].

Going forward, over the medium term, the profitability is expected to improve, backed by stabilisation in underwriting performance and increase in investment income. Trend in combined ratio will be a key monitorable.

Liquidity: Strong

Magma has a strong liquidity profile, where the company's liquidity coverage ratio (liquid investment + cash and cash equivalent / technical reserves including sub debt repayment) stood at 119.1% as on December 31, 2025 [March 2025: 124.7%], with liquid investments (G-secs and AAA rated bonds) at ₹7,785 crore [March 2025: ₹7,470 crore]. In FY25, per the cashflow statement, the cash inflows (premiums received + investment income) stood at ₹4,159.8 crore compared to claims payouts of ₹1,550.7 crore and total expense (opex + commission) of ₹1,219.5 crore.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

Not applicable

² Combined ratio = (claims payout + total expenses)/ Net Premium Earned

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Rating Outlook and Rating Watch](#)

[Non - Life Insurance Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Insurance	General Insurance

Magma was incorporated in 2009 as a joint venture between Magma Fincorp, Celica Developers Private Limited, Jaguar Advisory Services Private Limited, and HDI Global SE. The Poonawalla Group, after the acquisition of Magma Fincorp in 2021, became the promoter and later consolidated its shareholding. In June 2022, the shareholding by Poonawalla Fincorp (erstwhile Magma Fincorp) and other Poonawalla group companies was consolidated into Sanoti Properties LLP (held by Adar Poonawalla and Rising Sun Holdings Private Ltd) and in November 2023, HDI Global SE exited by selling its stake to the Sanoti Properties LLP.

In March 2025, the company approved a SPA under which ~98.06% stake will be acquired by PAL (73.56%) and DS Group (24.50%) through associated trusts. The deal has received CCI approval and awaits IRDAI approval.

Magma offers retail (motor, health, personal accident) and commercial (property, fire, marine, liability) insurance products, holds a 1.08% market share in non-life insurance, operates 96 branches, and sold 12 lakh policies in FY25.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Gross written premium	3,295	3,635	2,854
Net earned premium	2,266	3,009	2,512
PAT	-141	1	27
Claims outstanding	3,272	4,128	4,810
Tangible Net-worth*	836	1,164	1,208
Total Investments	7,009	7,966	8,163
Combined ratio (% - based on Net Earned Premium)	124.3	115.4	115.0
Solvency (x)	2.05	2.02	1.81
RONW (%)	-17.09	0.11	2.25

A: Audited UA: Unaudited; Note: these are latest available financial results

*Adjusted to intangible assets and deferred tax asset

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Subordinate Debt	INE312X08018	30-03-2022	8.75	30-03-2032	100.00	CARE AA (RWN)
Subordinate Debt	INE312X08026	28-12-2023	9.70	28-12-2033	200.00	CARE AA (RWN)
Subordinate Debt	INE312X08034	20-03-2024	9.70	20-03-2034	75.00	CARE AA (RWN)
Subordinate Debt	INE312X08042	20-03-2024	9.75	20-03-2034	50.00	CARE AA (RWN)
Subordinate Debt	Proposed	-	-	-	175.00	CARE AA (RWN)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debt-Subordinate Debt	LT	100.00	CARE AA (RWN)	-	1)CARE AA (RWN) (25-Mar-25) 2)CARE AA; Stable (14-Jan-25)	1)CARE AA; Stable (23-Feb-24) 2)CARE AA; Stable (05-Sep-23)	1)CARE AA; Stable (12-Sep-22)
2	Debt-Subordinate Debt	LT	250.00	CARE AA (RWN)	-	1)CARE AA (RWN) (25-Mar-25) 2)CARE AA; Stable (14-Jan-25)	1)CARE AA; Stable (23-Feb-24) 2)CARE AA; Stable (05-Sep-23)	-
3	Debt-Subordinate Debt	LT	75.00	CARE AA (RWN)	-	1)CARE AA (RWN) (25-Mar-25) 2)CARE AA; Stable	1)CARE AA; Stable (23-Feb-24)	-

						(14-Jan-25)		
4	Debt-Subordinate Debt	LT	175.00	CARE AA (RWN)	-	-	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Subordinate Debt	Complex

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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About us:

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