



Reaching New Heights in Retail Finance

HELPING PEOPLE REACH OUT TO THEIR DREAMS



Financial Results – Q3 FY15

Business Overview and Strategy

Leadership Team

Annexures



Key Business Highlights – Q3 FY15

#1

Focus on profitability – Consistent growth of NIM, 6.41% in Q3FY15, driven by product-customer-markets mix

#2

As guided - General insurance and mortgage finance business gaining scale and profitability

#3

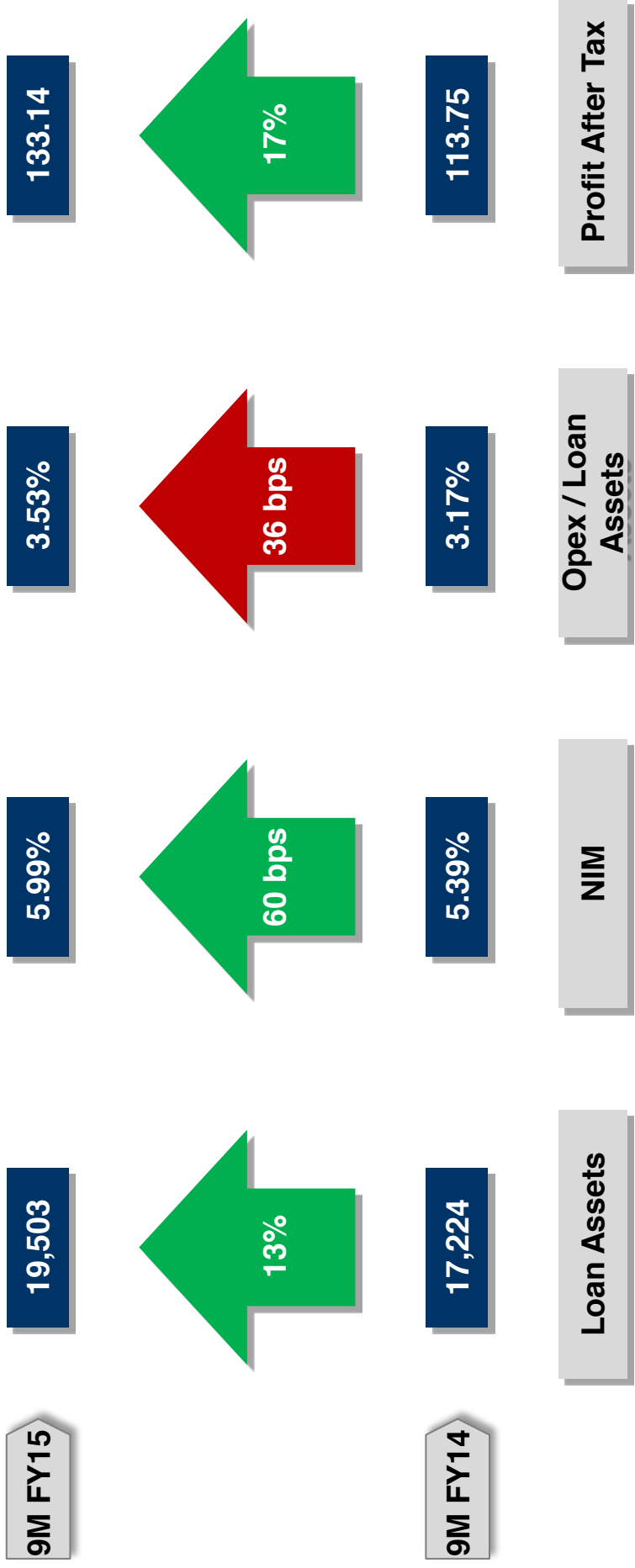
Consol PAT increased 25% yoy to Rs 45 crore, driven by 100 bps yoy increase in NIM

#4

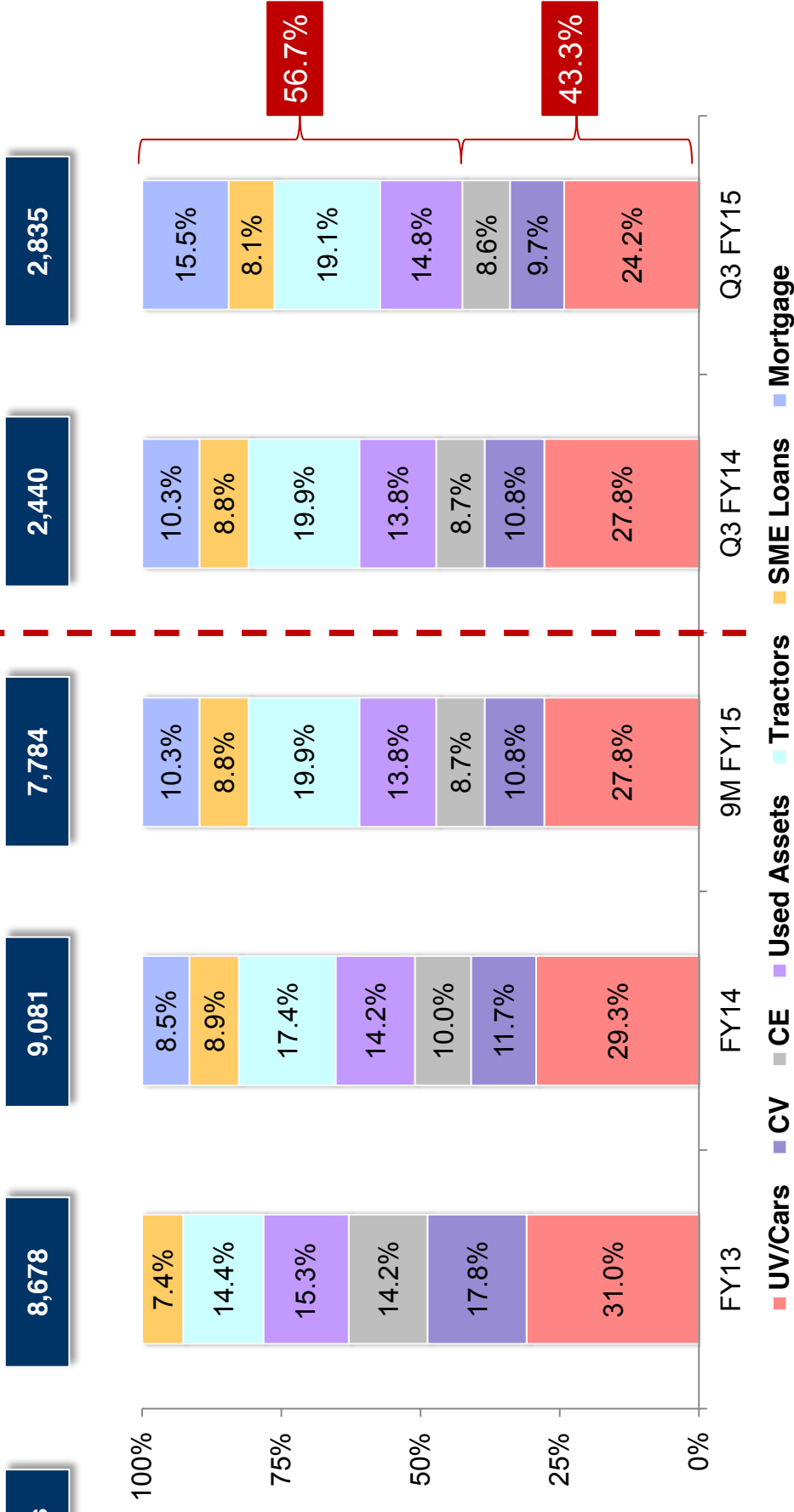
NPA recognition at 120 dpd, 2 years ahead of norms prescribed by RBI



Financial Results – 9M FY15 (Consolidated)



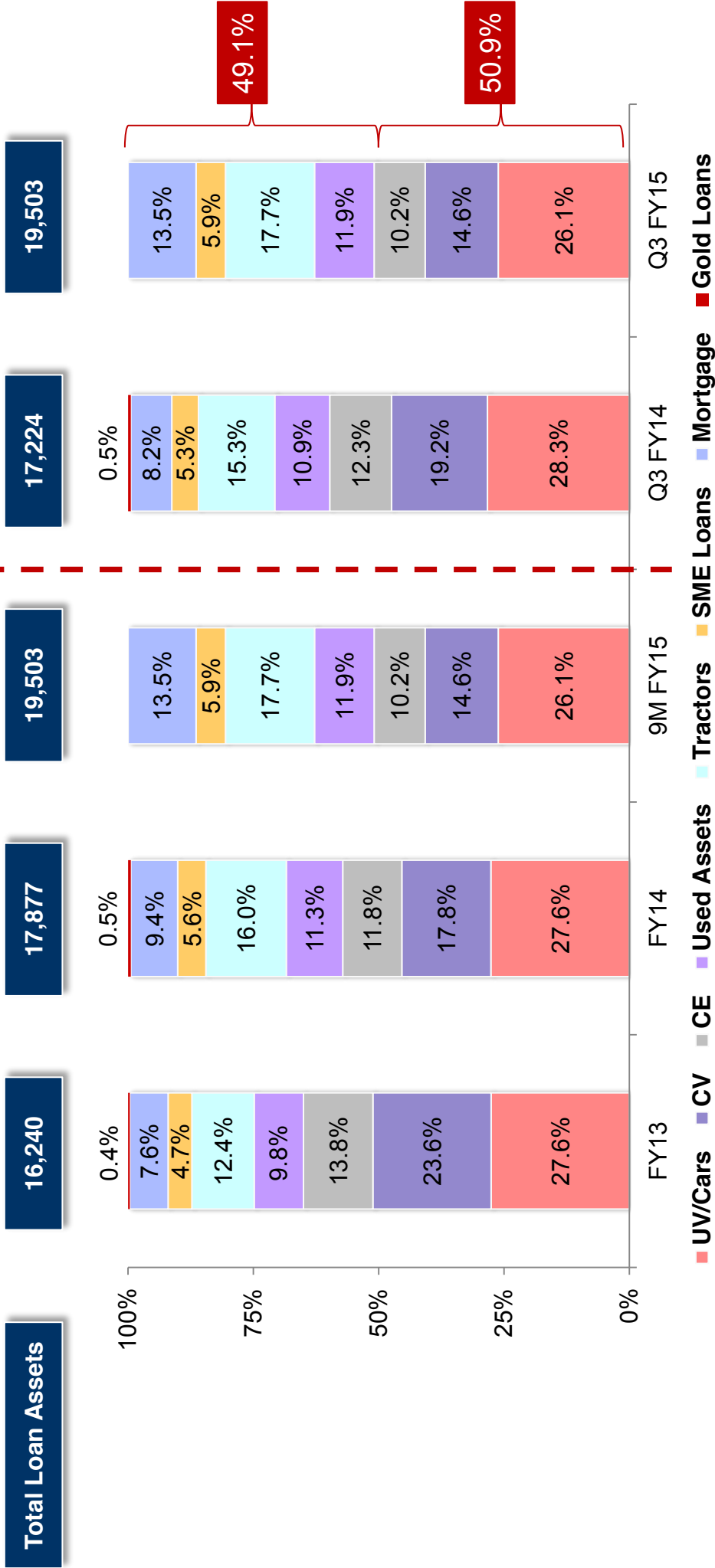
Disbursement Mix



Share of Tractor, Used Assets, Mortgage and SME Loans steadily increasing and contributed to 57% of total disbursements in Q3 FY15



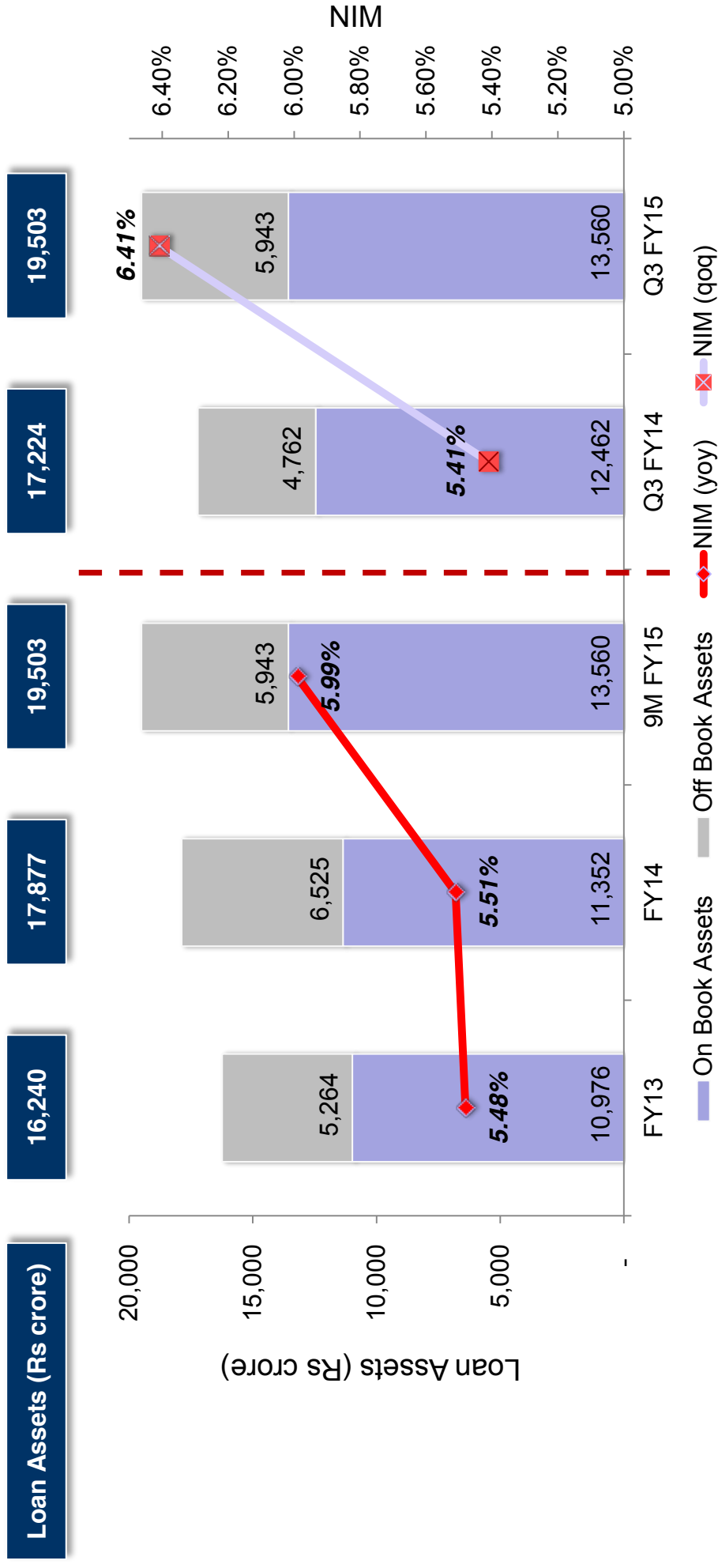
Loan Assets Mix



Diversified portfolio of 7 products with the single product exposure restricted to 30% of total book



Loan Book Growth



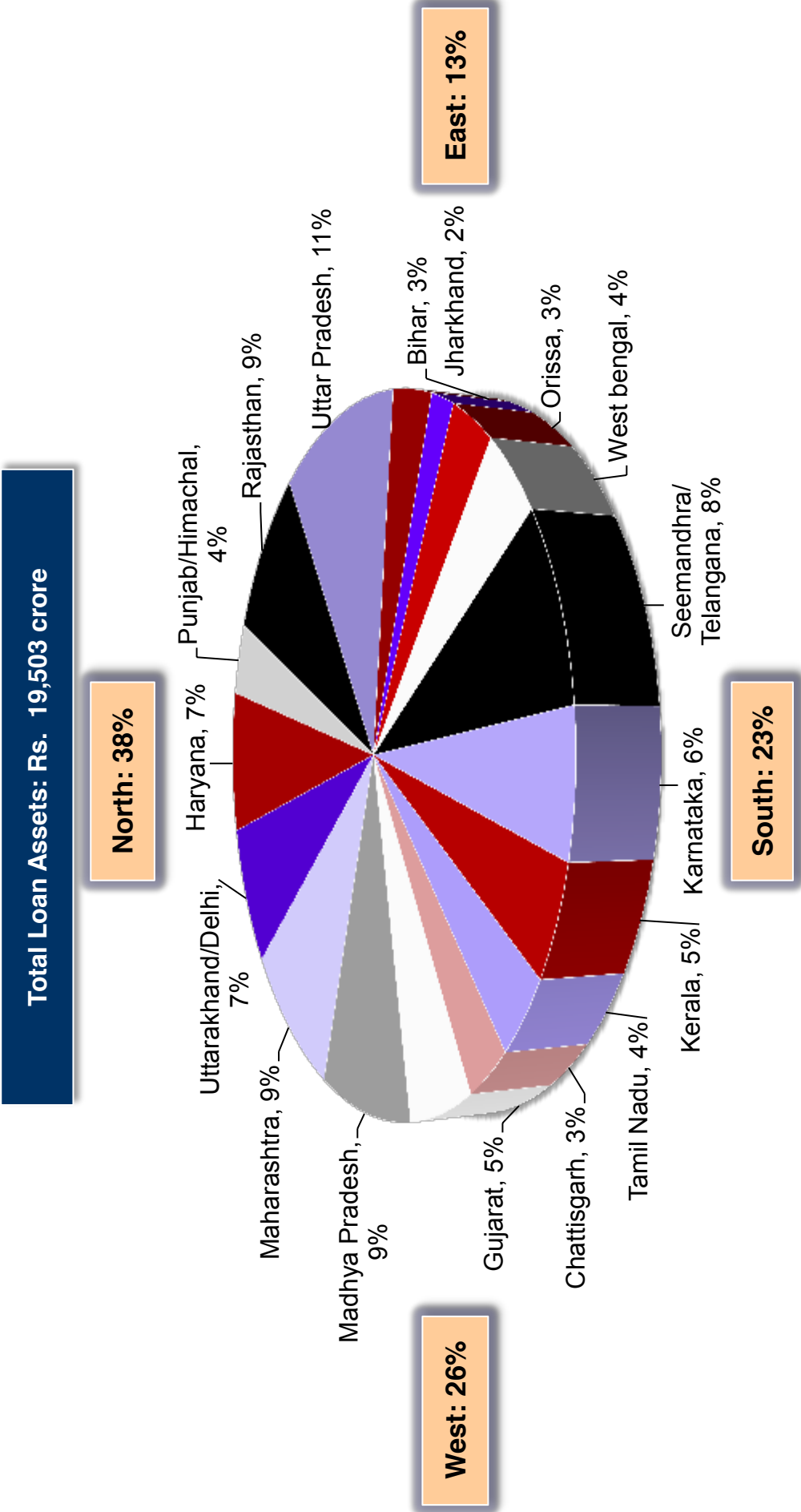
Improvement in NIM driven by gradual shift in product and customer mix

NIM: (Total Income – Interest Expenses)/Average Loan Assets



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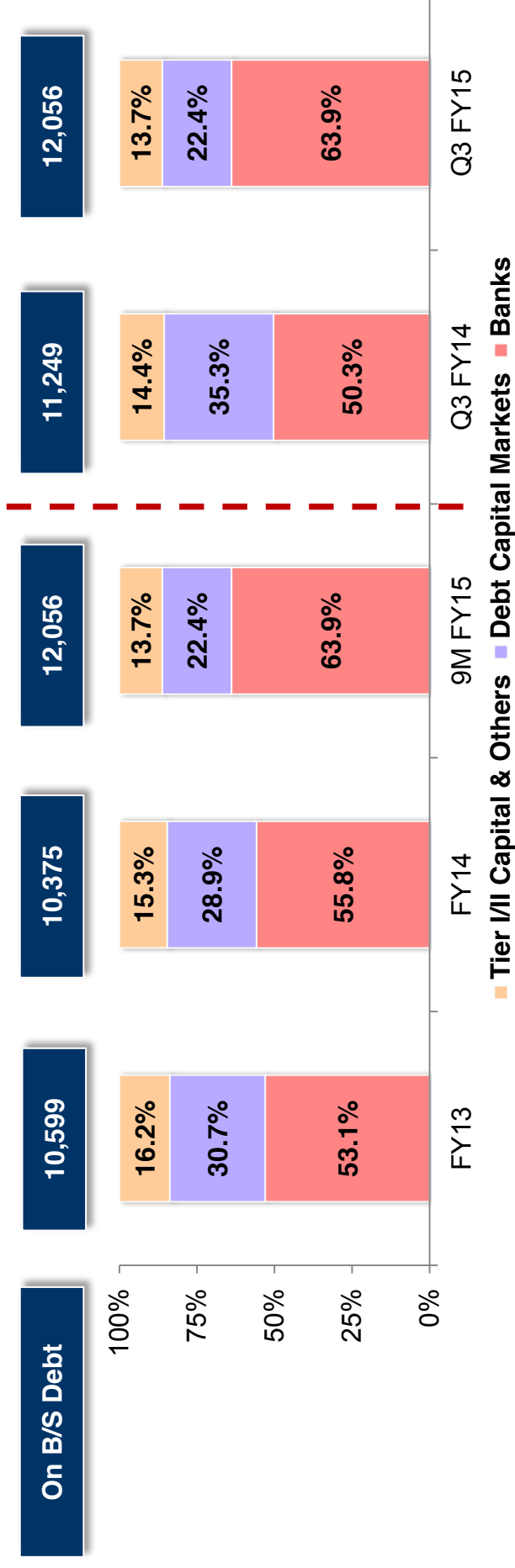
State-wise Loan Assets Breakup



Diversification of loan book exposure minimizes impact of regional/local/single event risks



Liability Profile



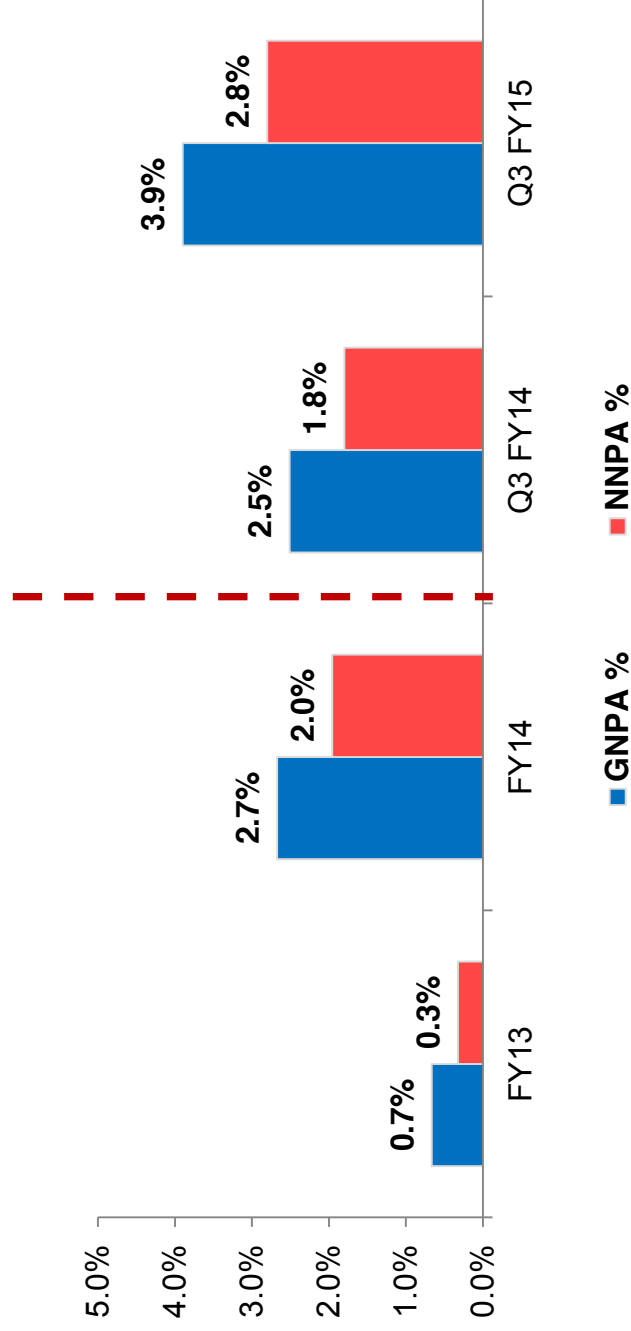
Instrument	Rating (CARE)
Short term Debt	A1+
Long term Debt	AA
Preference Capital	AA-
Subordinate Debt	AA-

- Diversified liability sources limit concentration risk, allows stable flow of funds and improved rating, all leading to lower costs
- Consortium of 22 public & private sector banks
- Capital market funding from wide spectrum of lenders including MFs, Insurance companies, Pension / Provident funds and Corporates among others
- Other unsecured debt includes Perpetual debt, Sub debt and Preference capital

On B/S Debt includes Preference Capital and based on MFL Consolidated financials; Values in Rs crore as on closing day of the period ;

NPA Provisioning

NPA Provisions (% of Total Loan Assets) @ as per RBI norms



GNPA at 180 dpd+ (as per RBI norms)

NNPA factors in the higher than required provisions already made by Magma

Magma follows conservative NPA recognition at 4 months default & creates higher provision compared to RBI norms



P&L Statement (Consolidated)

	Q3 FY15	Q3 FY14	Q2 FY15	% Change		FY14	FY13
				Y-o-Y	Q-o-Q		
Income from Ops.	616.8	527.6	572.4	17%	8%	2,081.3	1,651.6
Interest Expenses	316.8	306.3	308.2	3%	3%	1,177.1	926.2
Net Operating Income	300.0	221.4	264.2	36%	14%	904.2	725.4
Other Income	7.1	7.9	8.2	-10%	-13%	36.1	49.9
Net Total Income	307.1	229.3	272.4	34%	13%	940.4	775.2
Prov./Write Offs	79.2	49.3	62.6	61%	27%	184.1	96.6
Post Prov Profit	227.9	180.0	209.8	27%	9%	756.3	678.6
Operating Expenses	173.5	137.9	161.9	26%	7%	558.6	466.2
:Personnel Expenses	94.1	60.7	82.1	55%	15%	243.1	204.0
:Other Expenses	71.0	69.6	72.6	2%	-2%	282.4	224.6
:Depreciation	8.4	7.7	7.3	9%	15%	33.2	37.6
Profit Before Tax	54.4	42.1	47.9	29%	14%	197.7	212.5
Taxes	9.3	5.9	5.7	57%	63%	38.1	67.5
Profit After Tax	45.1	36.2	42.2	25%	7%	159.6	144.9



Balance Sheet (Consolidated)

	Q3 FY15	Q3 FY14	Q2 FY15	% Change		FY14	FY13
				Y-o-Y	Q-o-Q		
LIABILITIES							
Net Worth	15,208	13,916	14,793	9%	3%	13,178	13,114
Share Capital	38	38	38	0%	0%	38	38
Reserves and Surplus	1,594	1,454	1,550	10%	3%	1,466	1,359
Minority Interest	38	30	37	29%	3%	33	26
Preference Capital	137	154	137	-11%	0%	150	197
Borrowings	11,919	11,095	11,735	7%	2%	10,226	10,402
Other Liabilities	1,481	1,145	1,297	29%	14%	1,266	1,092
ASSETS							
Loan Assets	15,208	13,916	14,793	9%	3%	13,178	13,114
Fixed Assets	200	187	200	7%	0%	193	177
Other Assets	820	679	831	21%	-1%	756	651
Cash & Bank Balance	627	588	909	7%	-31%	877	1,309
TOTAL LOAN ASSETS	19,503	17,224	18,836	13%	4%	17,877	16,240

Values in Rs crore



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Key Ratios (Consolidated)

	Q3 FY15	Q3 FY14	Q2 FY15	Change (in bps)		FY14	FY13
				Y-o-Y	Q-o-Q		
Total Income/Assets	16.6%	15.8%	16.1%	87	54	16.1%	16.0%
Interest Exp/Assets	8.4%	9.0%	8.5%	-57	-9	9.0%	8.7%
Gross Spreads	8.2%	6.8%	7.6%	144	64	7.2%	7.3%
Prov & WO/Assets	2.1%	1.5%	1.7%	66	38	1.4%	0.9%
Opex/Assets	4.6%	4.1%	4.5%	57	14	4.2%	4.4%
PBT/Assets	1.5%	1.2%	1.3%	21	12	1.5%	2.0%
RoA	1.20%	1.06%	1.17%	14	3	1.21%	1.36%
RoE	10.19%	8.70%	9.68%	149	51	9.55%	9.97%
CRAR							
Tier 1	11.0%	10.6%	11.1%	49	-5	11.5%	10.6%
Total	16.4%	15.3%	16.9%	115	-47	16.6%	16.0%

CRAR based on MFL (Standalone) financials

Assets implies average of opening and closing balance of On B/S Assets of MFL (Consolidated)

Segment wise Performance – Q3 FY15

	Asset Finance	Mortgage Finance	General Insurance	Total
Closing Loan Assets	16,867	2,636	n/a	19,503
Disbursements	2,395	440	154 **	2,835
NIM	6.45%	5.44%	n/a	6.41%
Total Income	530.1	89.7	11.3	624.0
Finance Expenses	260.9	55.9	-	316.8
Operating Expenses	154.6	18.9	-	173.5
Credit Costs	76.3	2.9	-	79.2
Profit Before Tax	38.3	11.9	11.3	54.4

** Gross Written Premium (GWP) reported by general insurance business

Total includes 100% of asset finance and mortgage finance and 37% of general insurance business; Values in Rs crore

Financial Results – Q3 FY15

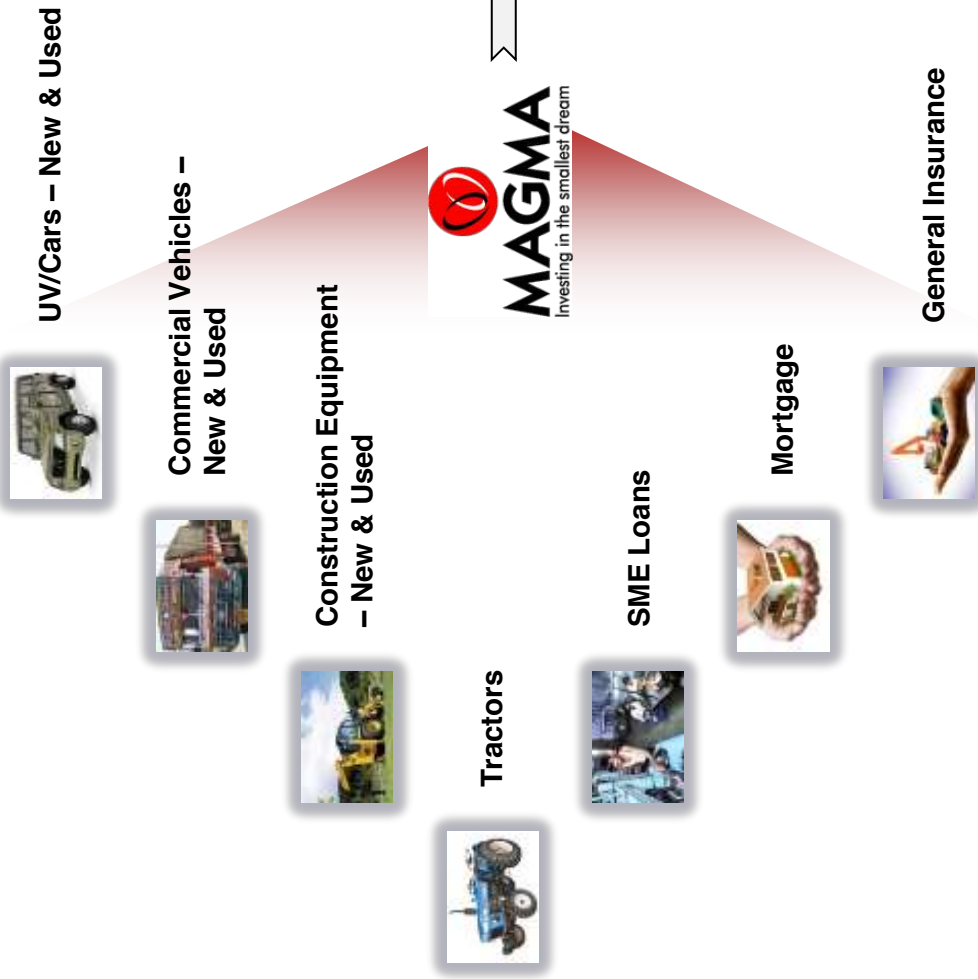
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Customer Centric Approach...with a bouquet of products



Customer focused structure and processes

- Invest early into customers – 1st time / under banked customers
- Business structure aligned to specialize in customer's specific business needs
- Recovery systems based on customer behavior
- Feedback systems to improve service – Sales support
- Design and product development based on customer feedback

Diverse financial needs over life time

Customer



Synergistic Approach to Growth

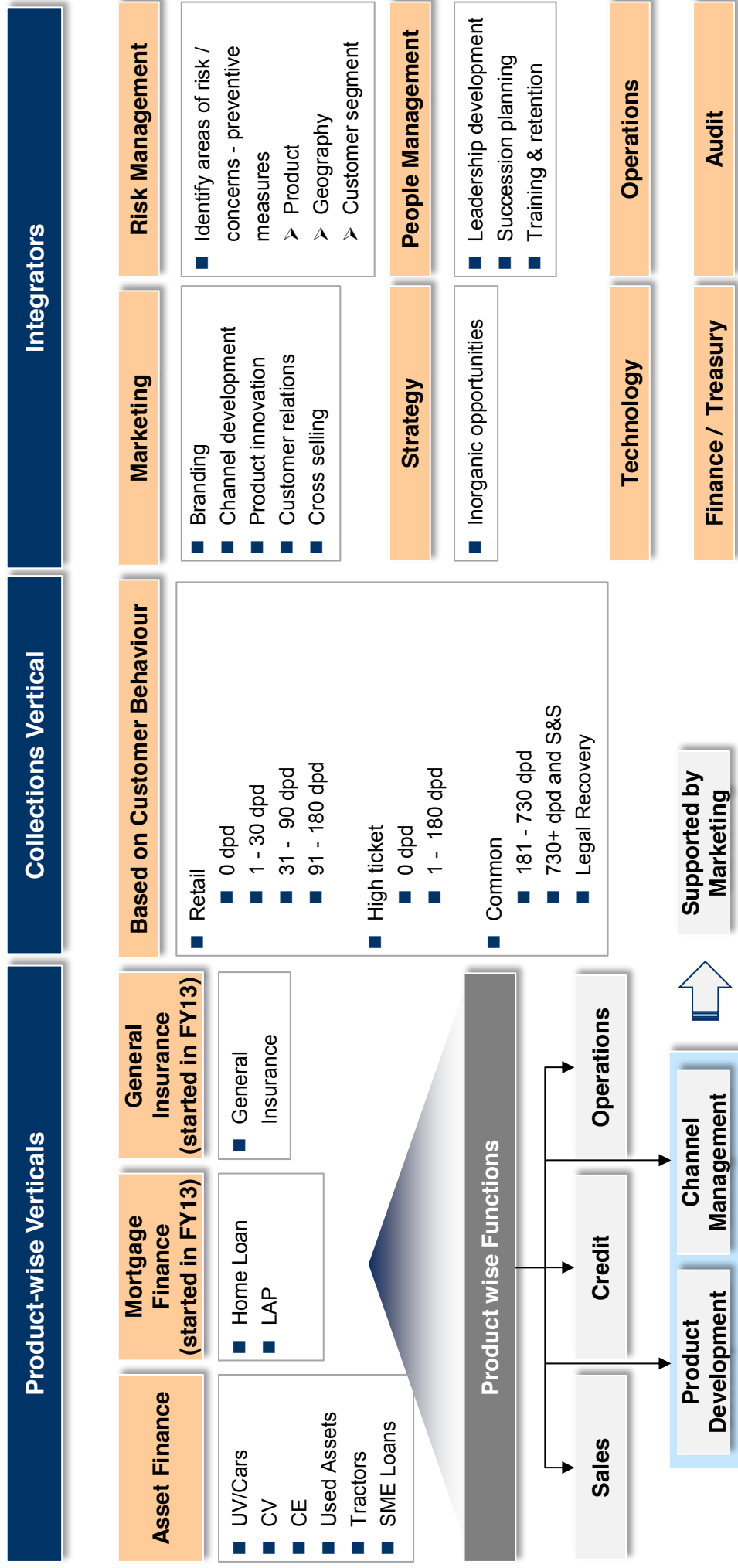
Products	Key customer segments	Focus areas to drive growth	Average ticket size (Rs lakh)	Loan to value	Door to door tenure (months)
UV/Cars	<ul style="list-style-type: none"> Entry level vehicles and UV/MUV Small Road Transport Operator (SRTO) 	<ul style="list-style-type: none"> Rural markets and UV/MUV segment Tie up with car manufacturers 	4.5	70%	46
Commercial Vehicles (CV)	<ul style="list-style-type: none"> 1-5 vehicle owners (esp .FTB segment) SRTO 	<ul style="list-style-type: none"> LCV & SCV Tie up with CV manufacturers 	7.0	85%*	44
Construction Equipment (CE)	<ul style="list-style-type: none"> Small Scale Entrepreneurs 	<ul style="list-style-type: none"> Increase collaboration with OEMS Wider product range 	22.0	80%	43
Used Assets	<ul style="list-style-type: none"> First time buyers, Small fleet drivers M&HCV, Refinance 	<ul style="list-style-type: none"> LCV High vintage vehicles (7-8 years) 	4.5	72%	35
Tractors	<ul style="list-style-type: none"> Land owning farmers 25-75 HP tractors 	<ul style="list-style-type: none"> Alliances with OEMs New product introductions 	3.5	63%	44
SME Loans	<ul style="list-style-type: none"> SME segment Working capital, business expansion 	<ul style="list-style-type: none"> MSME segment 	20.0	NA	35
Mortgage	<ul style="list-style-type: none"> Self employed Informal segment 	<ul style="list-style-type: none"> Larger contribution from Tier 3-4 towns 	31.3	40%	151
General Insurance	<ul style="list-style-type: none"> Captive customers Rural agri based products 	<ul style="list-style-type: none"> Penetrate motor insurance market Rural agri markets 			

Leverage branch / collection presence and understanding of product, target customer behaviour and its requirements to grow new products

Numbers represent average for disbursements done during 9M FY15

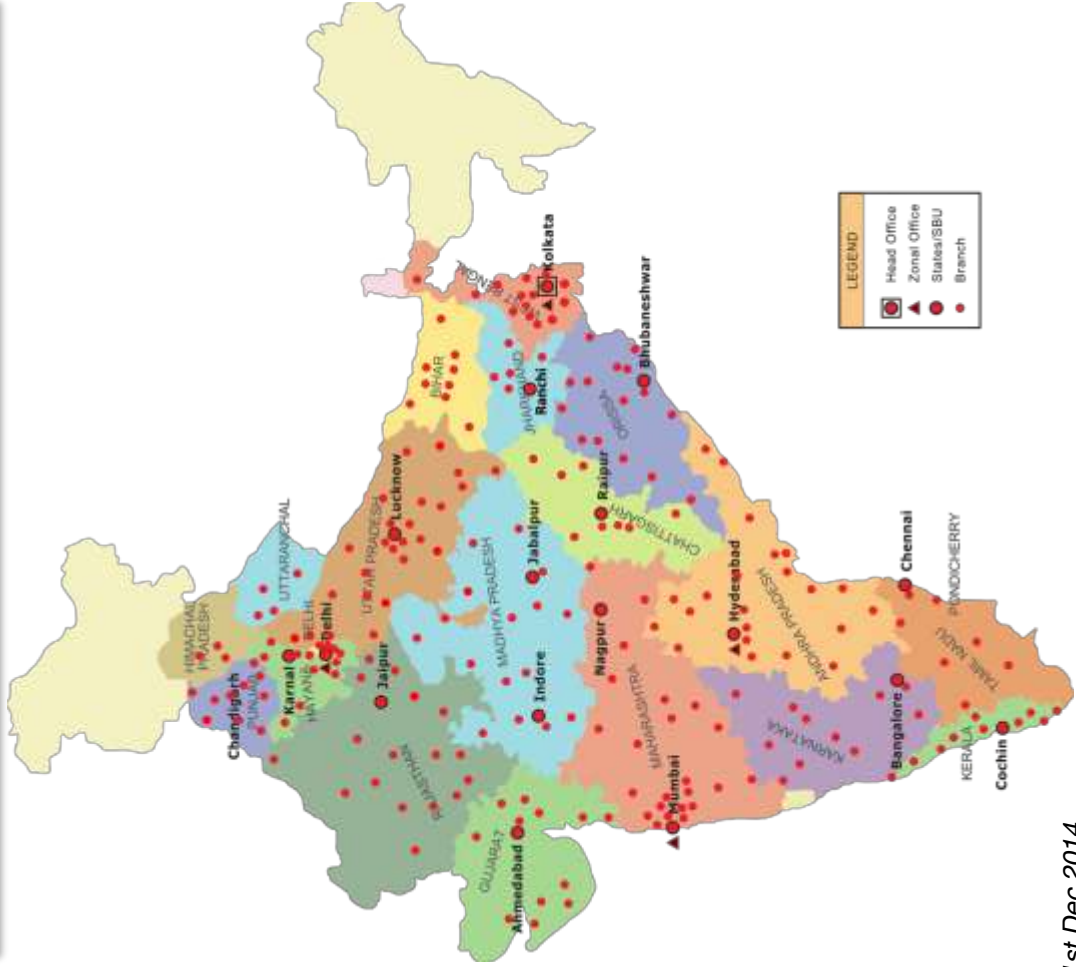
* LTV has been calculated without considering cost of truck body

Vertically Aligned Business Model



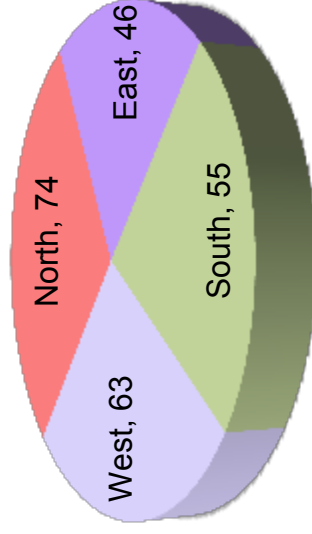
Branch Network

Pan - India Network

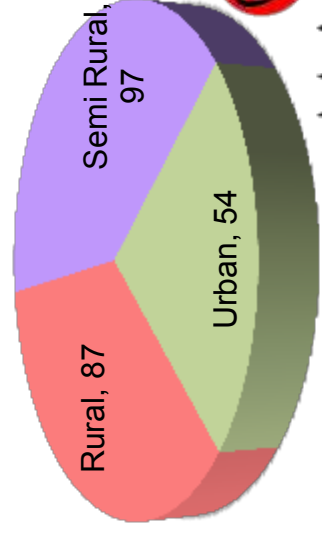


- 238 branches with presence across 25 states/UT
- 10,443 employees including over 9,300 front line staff

Region-wise Distribution of Branch Network



Rural-Urban Breakup of Branch Network



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Financial Results – Q3 FY15

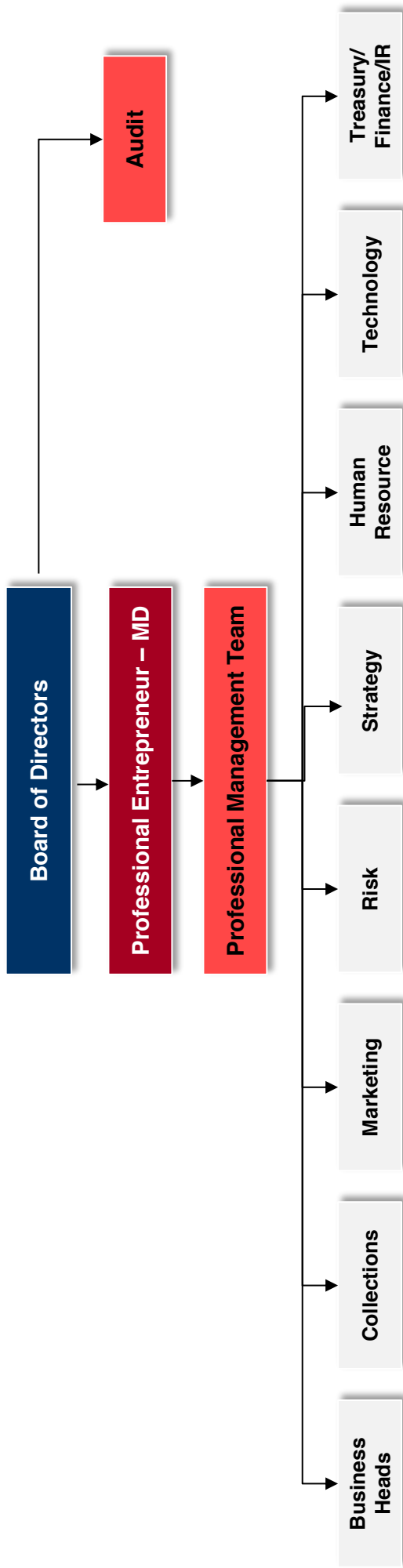
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Board of Directors



Promoter Directors

Mayank Poddar <i>Chairman</i>	<ul style="list-style-type: none"> Supports policy formulation and guidance to the Management/Board Over 30 years of experience in the financial sector.
Sanjay Chamria <i>VC and MD</i>	<ul style="list-style-type: none"> Anchors strategic policy formulation and execution. Drives new business initiatives and leads management team.

Non Promoter Directors

Sanjay Nayar – Non Executive Director (Nominee of KKR)	CEO and Country Head of KKR, India. Ex CEO of Citi India & South Asia operations	Nabankur Gupta	Founder - Nobby Brand Architects & Strategic Marketing Consultants. Pioneer of sub branding and multi branding in India. Also served as Group President in Raymond
Ritva Laukkanen – Non Executive Director (Nominee of IFC)	Ex-Director in IFC. Over 3 decades of experience in investments, financial markets and development finance	Satya Brata Ganguly	Chairman Emeritus of Exide Industries. On the board of Indian Chamber of Commerce and Industry and Bengal Chamber of Commerce and Industry among others.
Narayan K Seshadri	Entrepreneur consultant. Former Country Head - KPMG Consulting & Head of Business Consulting in Arthur Andersen	Neil Graeme Brown	Co-Founder of Subito Partners (UK). Ex-Partner of Coopers & Lybrand (now PwC) and Ex-Director of Apax Partners. Set up FIG practice in Apax Partners



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Management Team

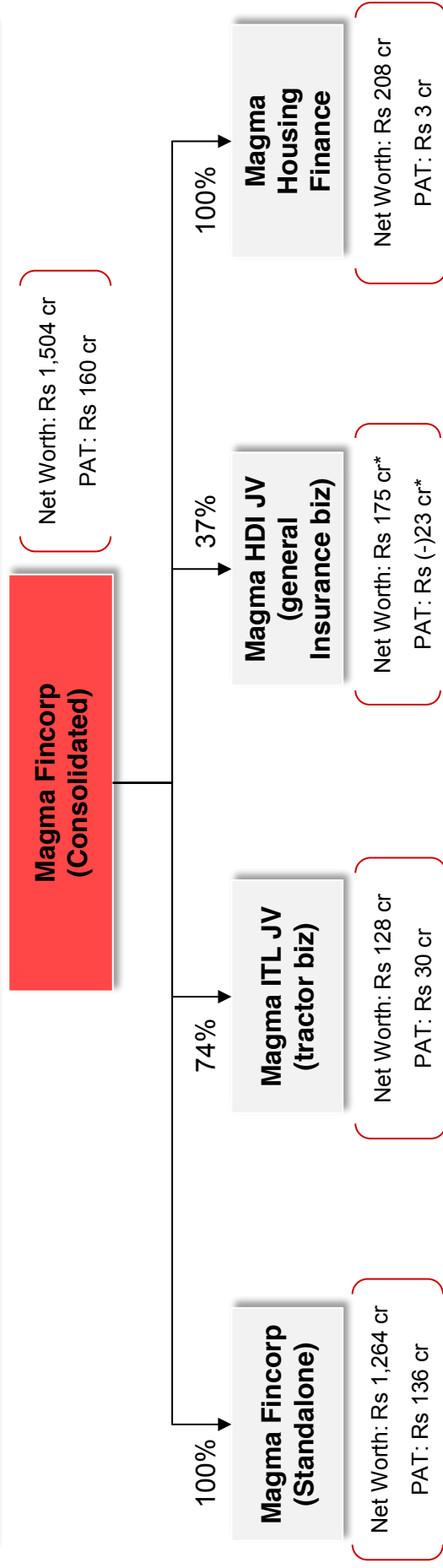
Ashutosh Shukla	Chief- Risk, Credit & Operations, Asset Finance	Experience of over 25 years in Magma and Consortium Finance. Setup North and West Zone business and headed collections vertical in Magma earlier
Sachin Khandelwal	MD & CEO, Magma HFC; Chief Sales Officer – Asset Finance	Experience of over 20 years in sales and marketing. Ex- MD of ICICI Home Finance.
Swaraj Krishnan	CEO, Magma HDI General Insurance	Veteran in the general insurance industry. Ex-CEO of Bajaj Allianz General Insurance
V Lakshmi Narasimhan	Chief Financial Officer	Experience of 23 years in Magma and Consortium Finance. Incubated SME Loans & Tractors business in Magma. Served as National Credit and Risk Head.
Kailash Baheti	Chief Strategy Officer	Ex-CEO of Century Extrusions. Extensive experience in finance, accounts, compliance and legal functions.
Sandeep Walunj	Chief Marketing Officer	Experience of 20 years in consumer marketing in FMCG & Retail businesses. Worked as CMO–Big Bazaar & Value Formats in Future Group
Mahendar Bagrodia	Chief of Receivables Management	Served as National Risk and Credit Head prior to current role. Experience of over 18 years of which 12 years with Magma Fincorp
Sumit Mukherjee	Chief –Product & Program	Served as National Sales Head for High Yield Products and Credit and Risk Head at Magma prior to current role. Worked with Citi Corp as VP prior to joining Magma. Over 18 years of experience in sales.

Senior management with extensive experience both within Magma and in the industry

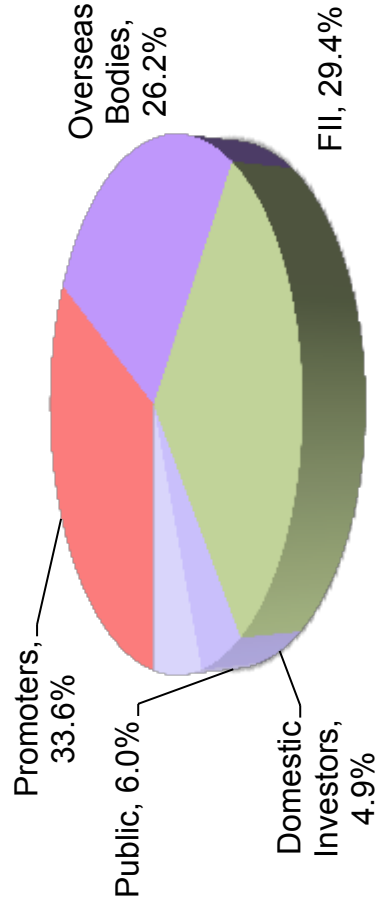


Shareholding

Holding Structure



Shareholding of Magma Fincorp (on 31st Dec 2014)



Top Non Promoter Shareholders

- KKR
- IFC, Washington
- Lavender Investments
- India Capital Fund Limited
- Bank Muscat

Thank You



Forward Looking Statements

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

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Profit & Loss Statement (Standalone)

	Q3 FY15	Q3 FY14	Q2 FY15	% Change		FY14	FY13
				Y-o-Y	Q-o-Q		
Income from Ops.	524.1	467.2	492.6	12%	6%	1,846.8	1,568.3
Interest Expenses	270.6	274.9	267.0	-2%	1%	1,055.2	887.4
Net Operating Income	253.4	192.4	225.6	32%	12%	791.6	680.9
Other Income	5.5	6.3	7.9	-12%	-30%	28.9	37.9
Net Total Income	259.0	198.7	233.5	30%	11%	820.5	718.7
Prov./Write Offs	71.2	44.3	56.5	61%	26%	161.4	86.1
Post Prov Profit	187.8	154.3	177.0	22%	6%	659.1	632.7
Operating Expenses	146.8	116.1	140.1	27%	5%	480.7	453.5
:Personnel Expenses	73.6	53.7	65.2	37%	13%	213.1	202.8
:Other Expenses	64.8	54.7	67.6	19%	-4%	234.5	214.0
:Depreciation	8.4	7.7	7.3	9%	15%	33.1	36.7
Profit Before Tax	40.9	38.3	36.9	7%	11%	178.4	179.2
Taxes	7.1	7.4	2.4	-4%	198%	42.8	56.4
Profit After Tax	33.8	30.9	34.5	10%	-2%	135.6	122.8

All values in Rs crore



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Balance Sheet (Standalone)

	Q3 FY15	Q3 FY14	Q2 FY15	% Change		FY14	FY13
				Y-o-Y	Q-o-Q		
LIABILITIES							
Net Worth	12,646	12,151	12,444	4%	2%	11,318	11,742
Share Capital	1,367	1,264	1,333	8%	3%	1,264	1,174
	38	38	38	0%	0%	38	38
Reserves and Surplus	1,329	1,226	1,295	8%	3%	1,226	1,136
Minority Interest	-	-	-			-	-
Preference Capital	101	118	101	-15%	0%	114	161
Borrowings	10,074	9,858	10,016	2%	1%	8,918	9,432
Other Liabilities	1,104	911	993	21%	11%	1,021	975
ASSETS							
	12,646	12,151	12,444	4%	2%	11,318	11,742
Loan Assets	11,337	10,844	10,923	5%	4%	9,878	9,824
Fixed Assets	184	171	184	7%	0%	177	161
Other Assets	589	637	627	-8%	-6%	657	634
Cash & Bank Balance	555	519	738	7%	-25%	745	1,243
TOTAL LOAN ASSETS	16,927	15,417	16,488	10%	3%	15,909	14,747

All values in Rs crore



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Profit & Loss Statement: Magma ITL (MITL)

	Q3 FY15	Q3 FY14	Q2 FY15	% Change		FY14	FY13
				Y-o-Y	Q-o-Q		
Income from Ops.	35.0	35.8	33.7	-2%	4%	136.8	101.0
(-) Interest Expenses	14.2	16.5	15.3	-14%	-7%	61.5	42.5
Net Operating Income	20.8	19.4	18.4	7%	13%	75.3	58.5
(+) Other Income	-	0.4	-	-100%	0%	0.4	-
Net Total Income	20.8	19.7	18.4	5%	13%	75.7	58.5
(-) Prov./Write Offs	5.0	0.7	3.0	656%	69%	7.5	0.8
(-) Operating Expenses	12.5	12.3	9.0	1%	39%	41.1	21.5
Profit Before Tax	3.3	6.8	6.5	-52%	-50%	27.1	36.2
(-) Taxes	-1.1	2.2	1.8	-149%	-162%	-3.7	11.8
Profit After Tax	4.4	4.5	4.7	-3%	-7%	30.8	24.4

Profit & Loss Statement: Magma Housing Finance (MHF)

	Q3 FY15	Q3 FY14	Q2 FY15	% Change		FY14	FY13 **
				Y-o-Y	Q-o-Q		
Total Income	52.7	44.7	31.1	18%	69%	121.6	85.3
(-) Interest Expenses	32.0	27.4	19.0	17%	68%	76.0	44.1
Net Income	20.7	17.4	12.1	20%	72%	45.6	41.2
(-) Prov./Write Offs	1.4	1.9	1.0	-24%	49%	6.7	1.8
(-) Operating Expenses	13.4	11.9	9.5	12%	41%	34.5	20.2
Profit Before Tax	6.0	3.6	1.7	66%	253%	4.5	19.2
(-) Taxes	2.0	1.2	0.5	66%	330%	1.8	6.5
Profit After Tax	3.9	2.4	1.2	66%	223%	2.6	12.6

* FY13 financials for full year; Consolidation with Magma was effective from 11th Feb 2013

Profit & Loss Statement: Magma HDI General Insurance Company (MHDI)

	Q3 FY15	Q3 FY14	Q2 FY15	% Change		FY14	FY13
				Y-o-Y	Q-o-Q		
Gross Written Premium	154.4	114.2	111.0	35%	39%	429.9	95.8
Net Earned Premium	106.8	69.6	100.8	53%	6%	228.2	14.3
(-) Claims Incurred	83.8	61.5	79.3	36%	6%	193.6	12.5
(-) Net Commission	6.1	4.4	5.1	39%	21%	14.8	3.2
(-) Management Expenses	32.7	23.6	28.8	38%	14%	90.0	29.6
Underwriting Profit	-15.9	-19.9	-12.3	-20%	29%	-70.2	-31.0
(+) Investment Income	27.2	9.9	14.9	175%	83%	36.9	19.2
Profit Before Tax	11.3	-10.0	2.6	-213%	342%	-33.3	-11.8
(-) Taxes	3.2	-11.4	0.8	-128%	309%	-10.0	-2.4
Profit After Tax	8.1	1.4	1.8	487%	356%	-23.3	-9.4