



Reaching New Heights in Retail Finance

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- Introduction to Magma
- Business Overview
- Q1 FY12 Performance Update
- Market Opportunity and Business Strategy

Investing in the smallest dream

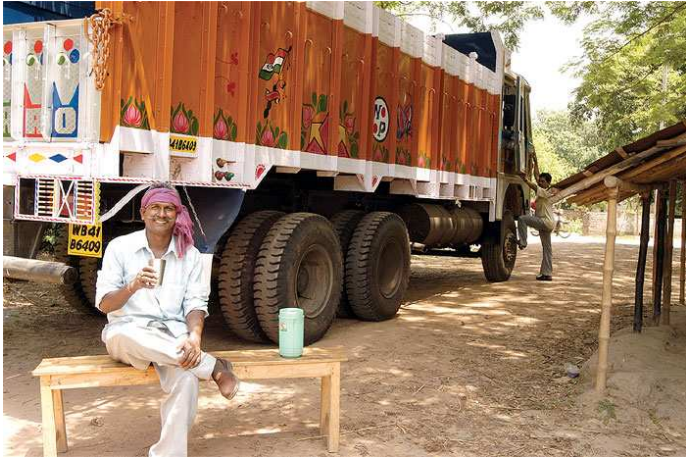
Magma caters to diverse financial needs of small entrepreneurs in rural* and semi urban* markets of India ...where large banks and institutions fail to reach and serve.



Magma's growth is a reflection of India's new emerging entrepreneurs, spurred by economic growth across states and sectors

* Based on company's market surveys and estimates

Our target markets and customers



**Magma understands financial needs of rural and semi urban India
... leverages this knowledge to create and build new markets**

<<< Financing First Time Truck Owners

**We finance small entrepreneurs to own construction equipments,
or commercial vehicles**

... In the process, creating new entrepreneurs



Turning machine operators to owners >>>



**Magma focusses on farmers owning less than 6 acres of
agricultural land**

... and funds tractors for agri as well as commercial use

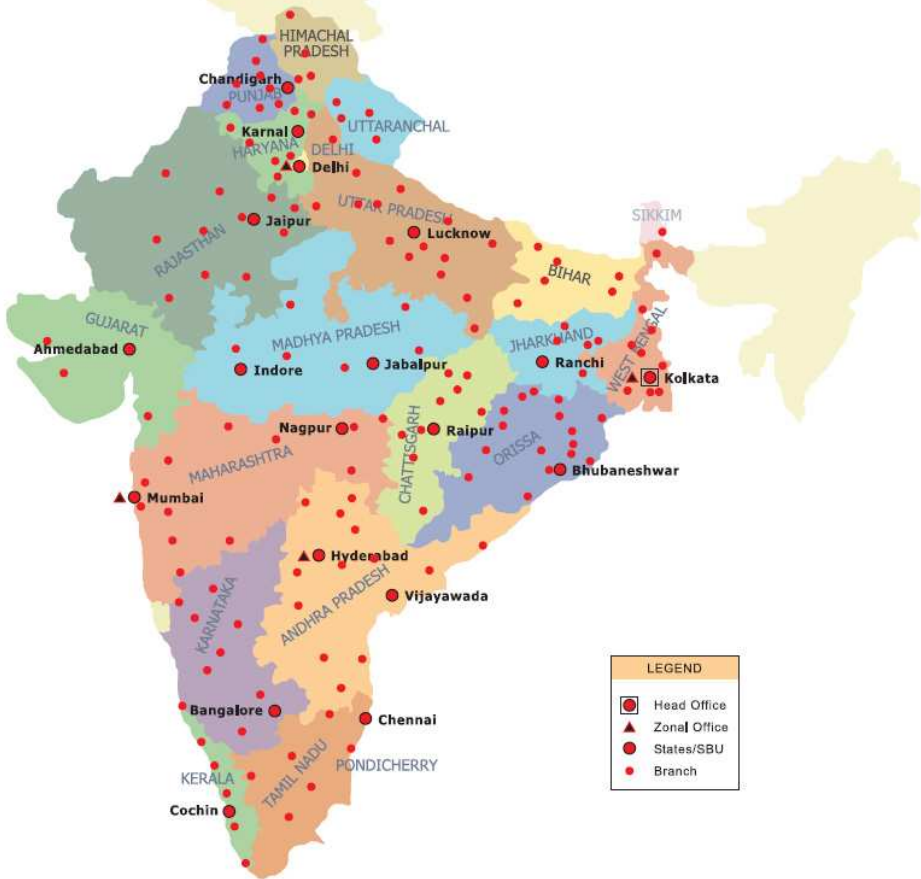
<<< Magma funds small land-owning farmers

Strengthening rural entrepreneurship and Magma's business potential

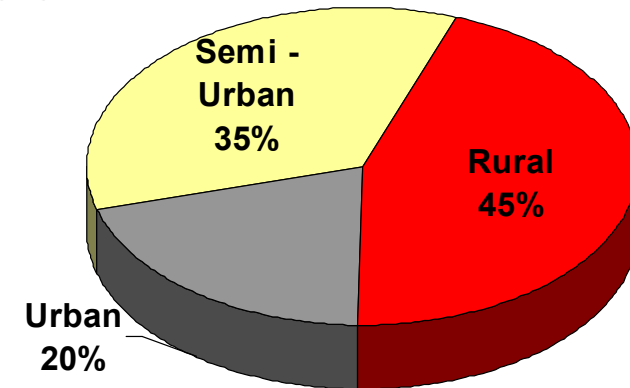
Our pan India presence, largely rural and semi urban...

- 172# Branches across 21 States/ Union Territories

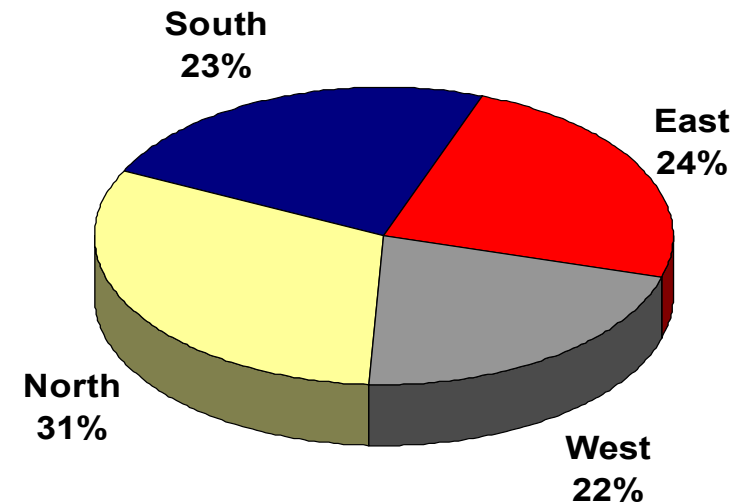
- Covers over 2000 business Clusters
- Operates in 125 Km radius



- 80% branches in rural*/ semi urban* markets



- Well spread across various zones



Excellent reach in the semi-urban/ rural markets

As of Jun 30, 2011 ; * Based on company's market surveys and estimates

Our financing products ...



All classes of trucks - light, medium and heavy



Backhoe loaders, excavators, cranes, dumpers etc



... fleet of machines for bigger projects



Passenger Cars and Utility Vehicles

Tailored for our target markets and customers

Used Commercial Vehicles used in smaller areas



Tractors



Loans to SMEs for working capital/ expansion



Infrastructure support for Asset Insurance and Credit Covers



Our people, our greatest assets

- We value human capital ... access to 5050 trained manpower directly and indirectly.
- No functions outsourced

People Practices

Leadership Development

- Career progression plans
- MDP* for leaders/ high performers

Performance Management

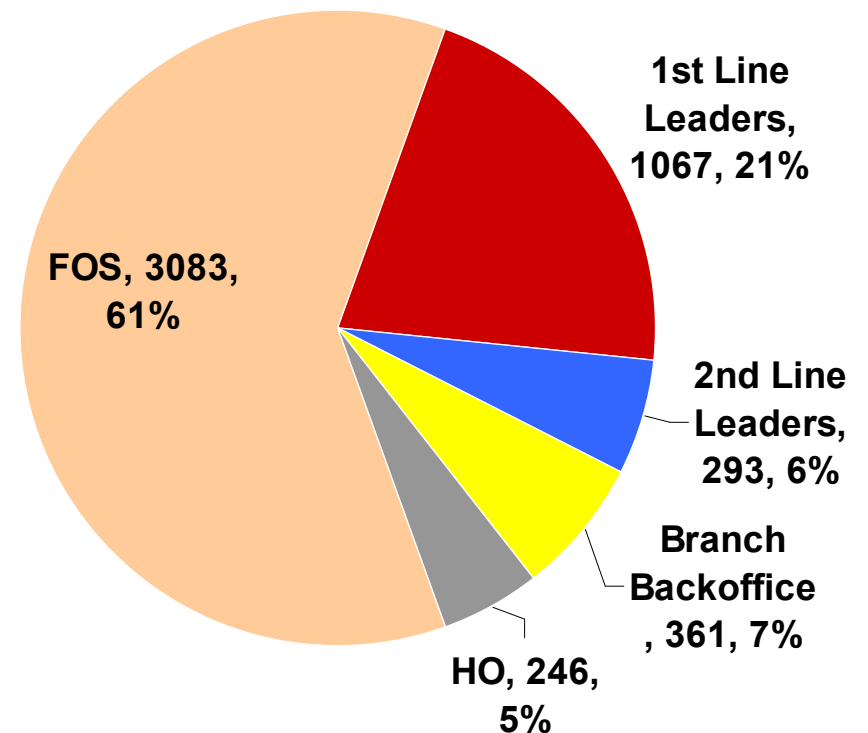
- Specific & Measurable KRAs for FOS#/ Leaders
- Monthly variable payout as per KRA achievement

Training

- Intensive induction for new joinees
- Regular functional and soft skills training for existing employees
- ~ 925 training man-days p.m. (Q1 FY12)

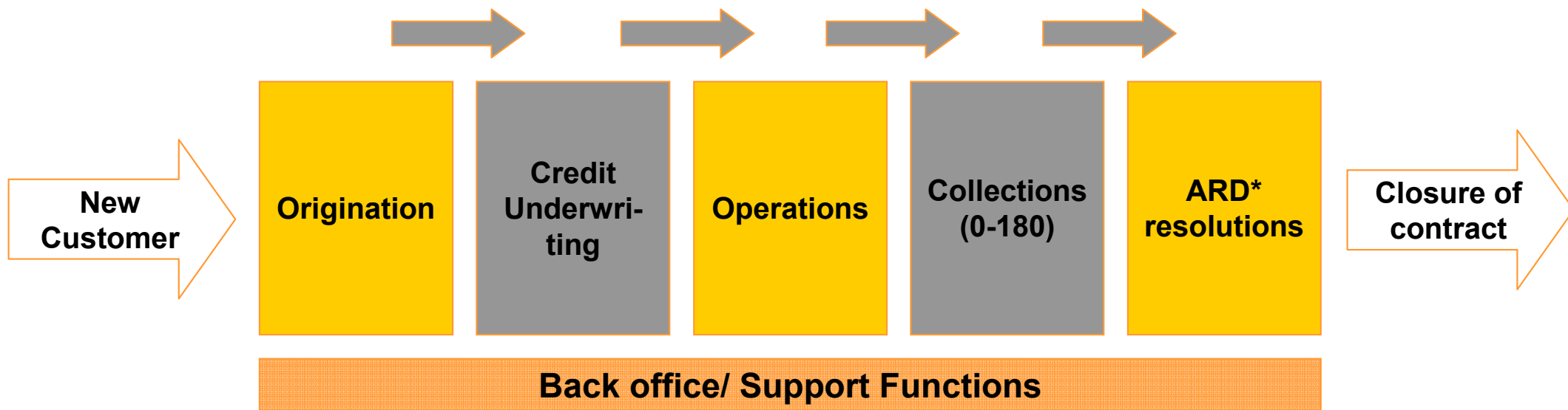
* Management Development Programme # FOS - Fleet on street, i.e. manpower on field

Employees as on Jun 30, 2011



MAGMA
Investing in the smallest dream

Our structures and processes...



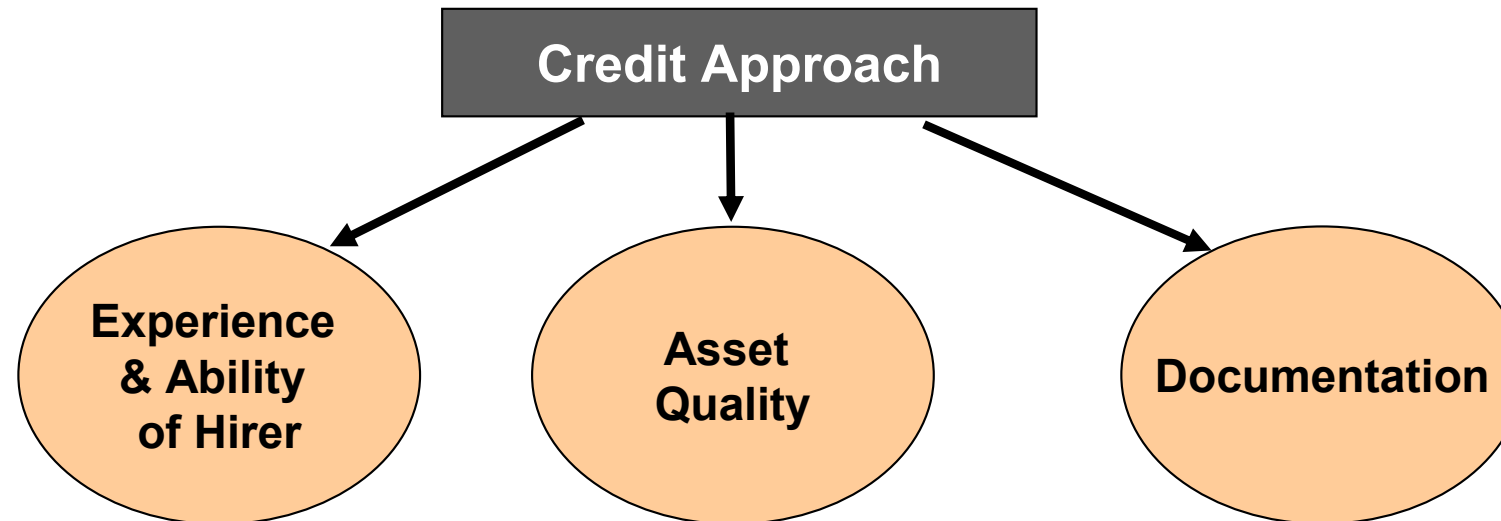
Business/ Functional Vertical

- Origination** : Lead Management and Business Development
- Credit Underwriting** : Credit Screens, RCU#, Risk Management
- Operations** : Documents Management, Internal Controls
- Collections** : Bucket-wise processes
- ARD Resolution** : Legal/ Hard recovery skills

Well defined KRAs in different functional verticals → leading to alignment of functional goals to Organisation Goal of Sustained Profitable Growth

* Asset Reconstruction Division (ARD); # Risk Containment Unit (RCU) , a sub function in Credit function

Our underwriting approach



- Years of relevant business
- Asset Usage & Ownership
- Mandatory meeting by Sales Officer
- Field Investigation by FI Team
- Trade Reference Checks

- Assets categorized into different levels based on market share and price realization on re-sale
- Retail grade of customers offered standard assets only
- LTV offerings based on customer profile

- Standard Legal Documentation
- Cases vetted by Ops team at Pre & Post sanction stage
- RCU checks for minimizing forged documents

All activities are performed by our own team

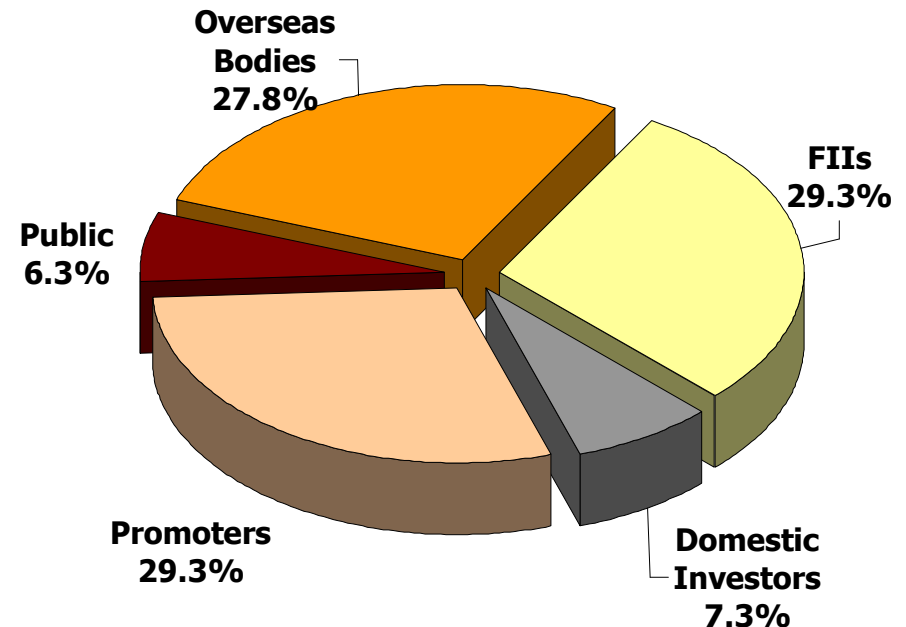
Our management and shareholders

Management and Corporate Governance ...

<p>Board of Directors</p>	<ul style="list-style-type: none"> ▪ Indian and International Independent directors ▪ Active participation in committees ▪ Wide knowledge including Branding, Rural Marketing, Enterprise Risk Framework and Insurance
<p>Leadership</p>	<ul style="list-style-type: none"> ▪ MD, CFO, COO, Chief - Receivables Management, CEO designate – Insurance JV, CPO and CIO
<p>Management</p>	<ul style="list-style-type: none"> ▪ Audit Committee ▪ Nomination and Remuneration Committee ▪ Asset Liability Committee ▪ Management Committee ▪ Risk Management Committee

Promoters...

<p>Mayank Poddar, Chairman</p>	<ul style="list-style-type: none"> ▪ Oversees Strategy and Policy making
<p>Sanjay Chamria, Vice Chairman & Managing Director</p>	<ul style="list-style-type: none"> ▪ CEO formulating strategy, execution and day-to-day management



Shareholding (Jun 30, 2011)

Magma ...at a glance

❖ No. of years in financing business	Over 2 decades
❖ No. of customers serviced	5,00,000 approx
❖ No. of branches	172
❖ Disbursements FY11	Rs. 5415 Cr (~ USD 1.22 bn)
❖ AUM March 2011	Rs. 10907 Cr (~ USD 2.45 bn)
❖ Total Income FY11	Rs. 874 Cr (~ USD 196 mn)
❖ PAT FY11	Rs. 122 Cr (~ USD 27.4 mn)
❖ NIM FY11 Business	5.0%
❖ CAR March 2011	18.2%
❖ RoA FY11	2.3%
❖ RoE FY11	23.6%

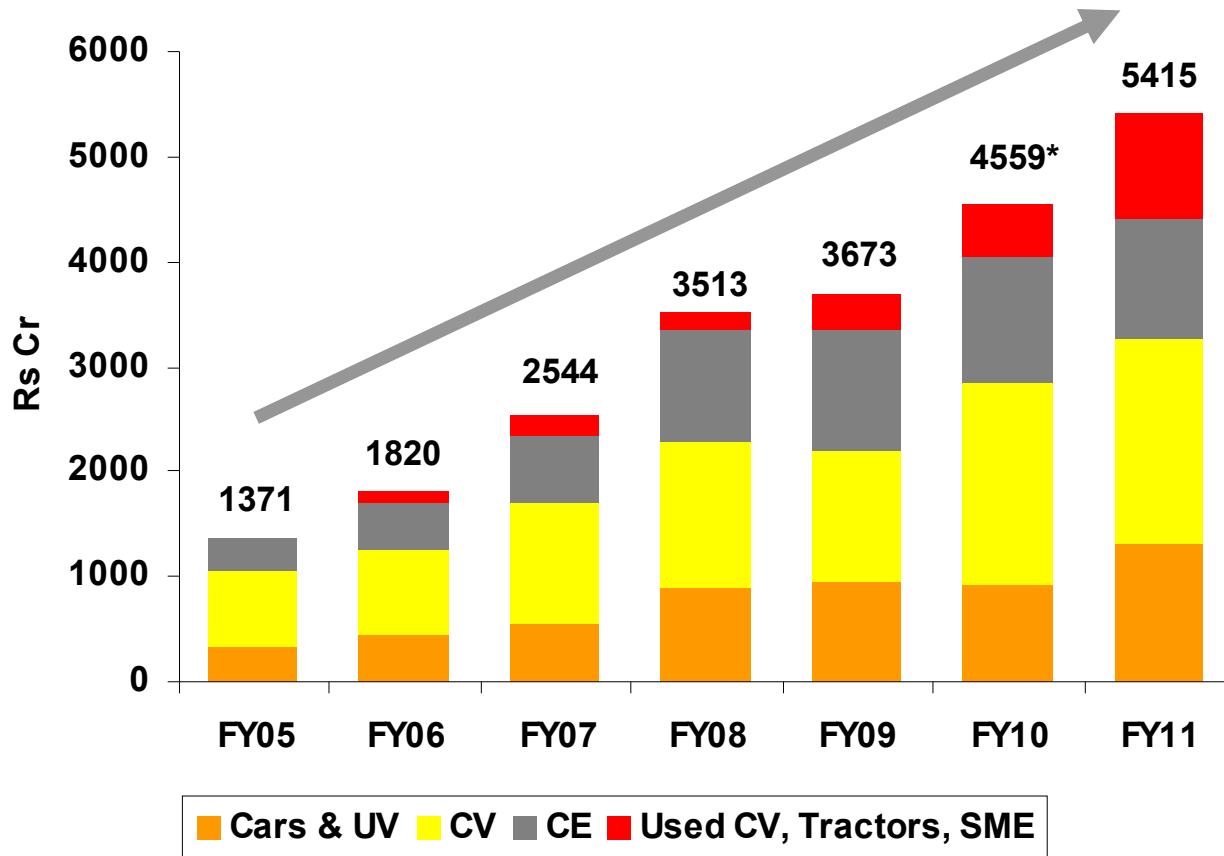
* 1 USD = 44.5 INR as on 4th Jul 2011

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Business on a high growth trajectory

CAGR 26% (FY05-FY11)



* FY10 disbursements include bought out portfolio of Rs 494 Cr

Key Product Disbursement CAGR

Products	FY05-FY11
Construction Equipment	24%
Comercial vehicles	18%
Cars & Utility Vehicles	26%

New Product Introductions

Products	FY05-FY11
Used CV (Suvidha)	FY06
Tractors	FY08
SME Loans	FY09

Product Overview*

Product	ATS (Rs Lacs)	LTV %	Tenure Months	Net IRR \$ %
CAR	3.5	66%	43	14.0%
CV	16.2	90%#	43	12.6%
CE	18.0	78%	36	13.3%
Strategic CE	68.1	90%	42	11.9%
Used CV	5.0	72%	33	18.7%
SME Loans	24.9	NA	33	17.0%
Tractors	3.1	62%	47	19.9%
TOTAL	5.9	75%	41	14.5%

Notes

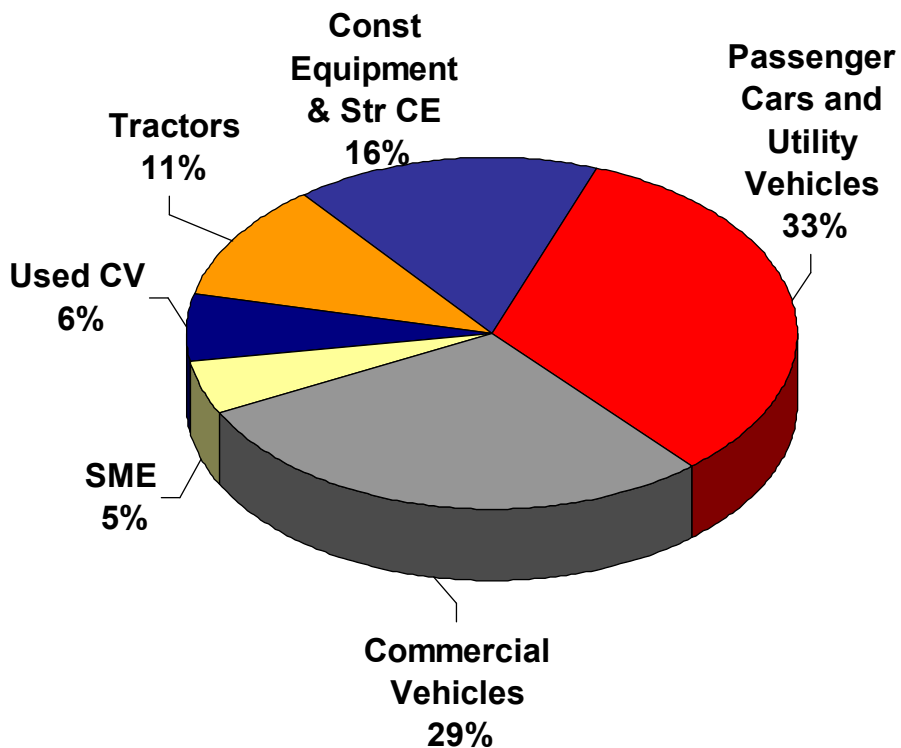
* The above figures are based on Q1 FY12. LTV stands for Loan to Value ratio; ATS stands for Average Ticket Size of the loan.

LTV for CV has been calculated without considering cost of truck body, which is not funded. Inclusive of body in the cost of asset, LTV would be approx. 75%

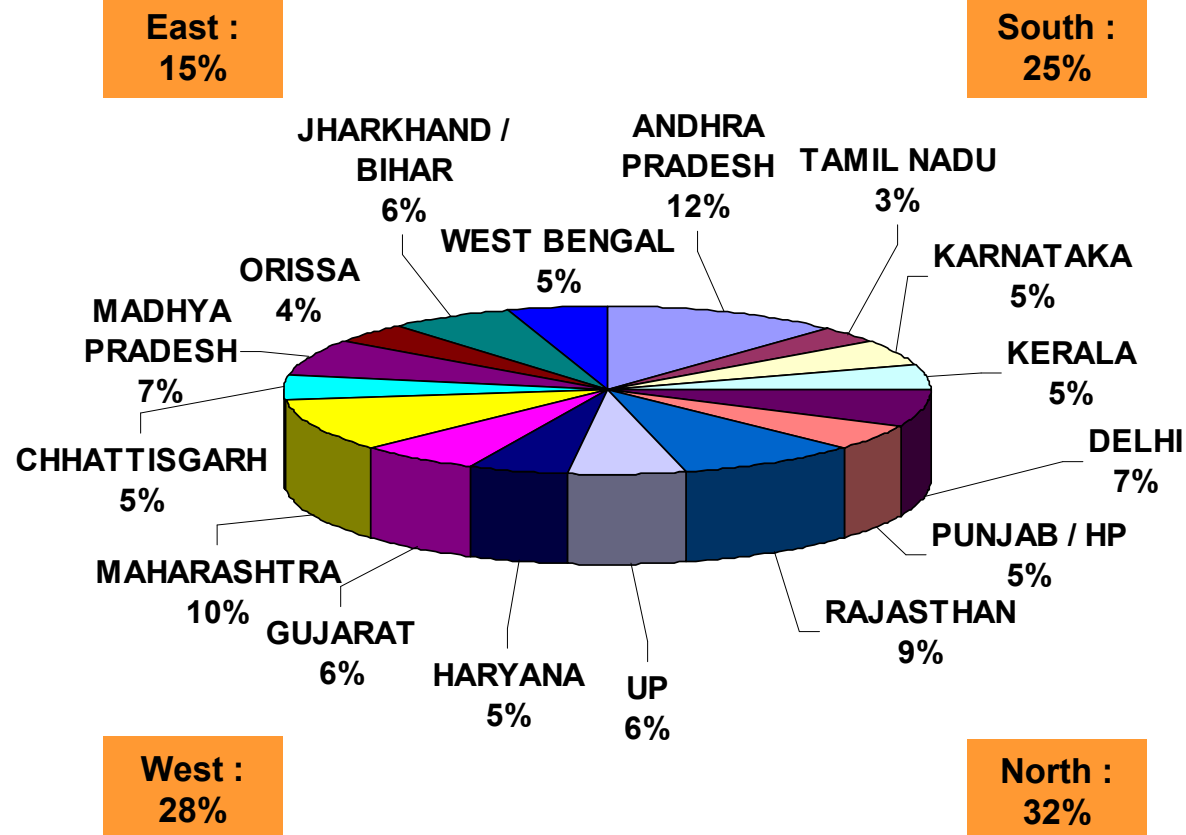
\$ Net IRR is lending rate on reducing balance basis, net of payouts to Direct Selling Agents and pay-ins from manufacturers/ dealers. Net IRR indicated above is for full Q1 FY12 and current rates may vary.

De-risked business strategy

Q1 FY12 Disbursement - Product Wise



Q1 FY12 Disbursement - Geographical Mix

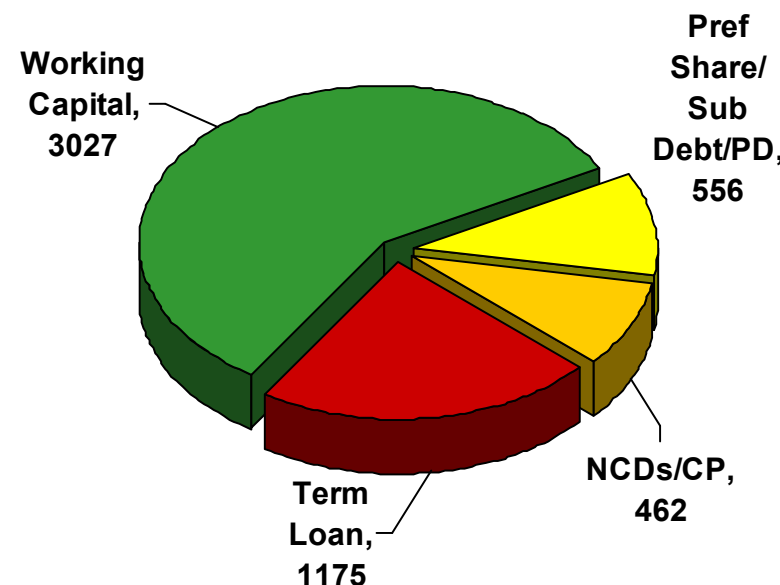


Wide canvass across geographies & products reduces impact of any external shocks

Strong and consistent fund raising capability

- Continued availability of adequate funding lines
 - Consistent investment grade rating of Magma's debt instruments
 - Basel II rating of Magma enables lower risk weight of 20%
- Long banking relationships ensured continued lending during economic downturn
- A consortium of over 20 banks and institutions, including top 9/10 PSU banks

Borrowings as of 30th June 2011 : Rs 5220 Cr



Debt Ratings

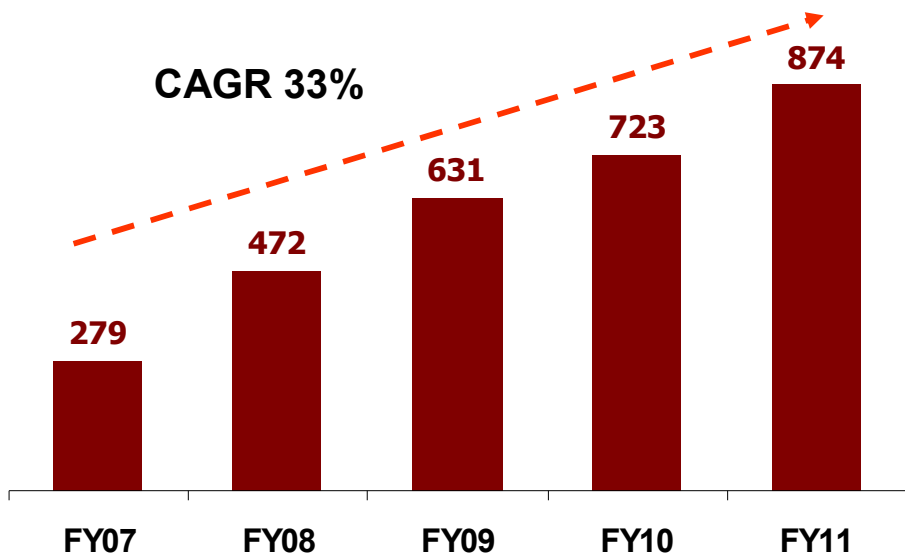
- Working Capital Facilities : Basel II ratings PR1+ for short term & AA for long term facilities by CARE
- NCDs/ Bonds : PR1+ for Short Term & AA for long Term NCDs by CARE
- Securitisation of Receivables : AAA (so) by CRISIL & CARE
- Tier 2 Instrument : AA- rated by CARE, subscribed to by Banks and Mutual Funds
- Tier 1 Perpetual Debt : AA- rated by Brickwork Ratings & A+ rated by CARE, subscribed by Banks
- Tier II Preference Shares : AA- rated by CARE



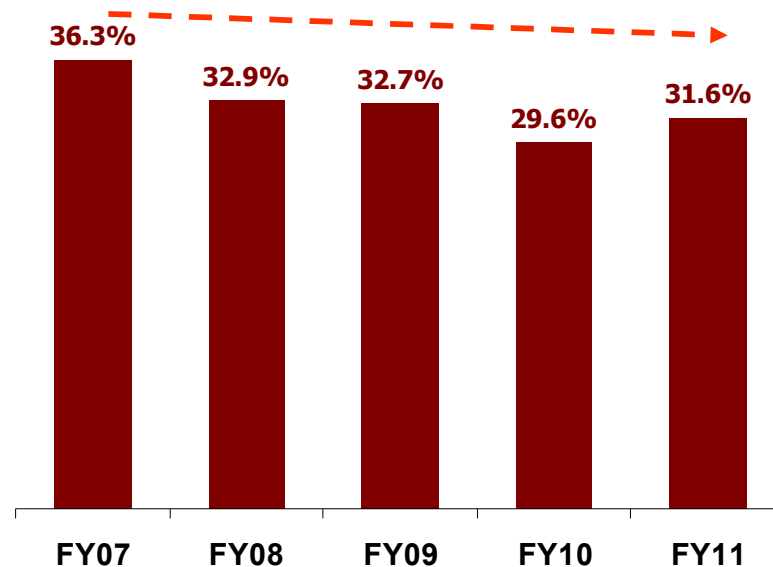
MAGMA
Investing in the smallest dream

... History of growth and profitability

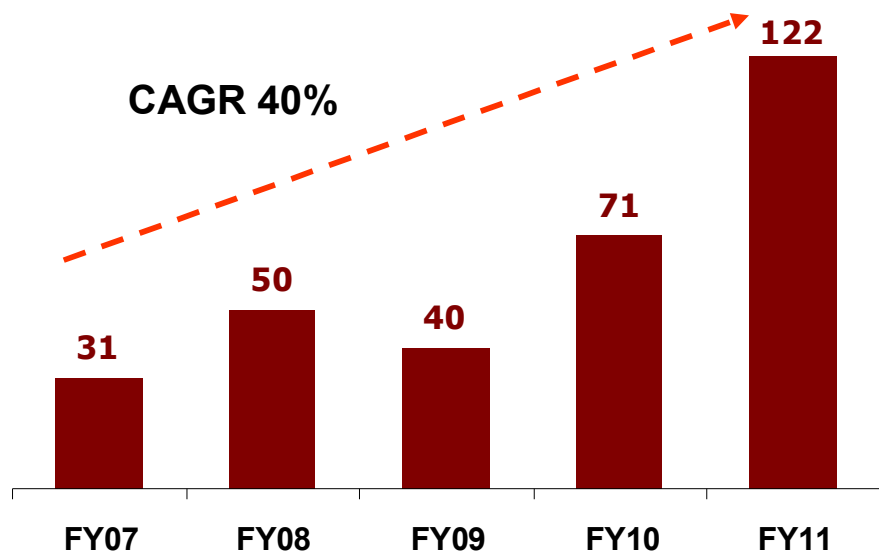
Total Income (Rs Cr)



Operating Efficiency (Costs to Total Income Ratio)



Profit After Tax (Rs Cr)



Book Value (Rs.)

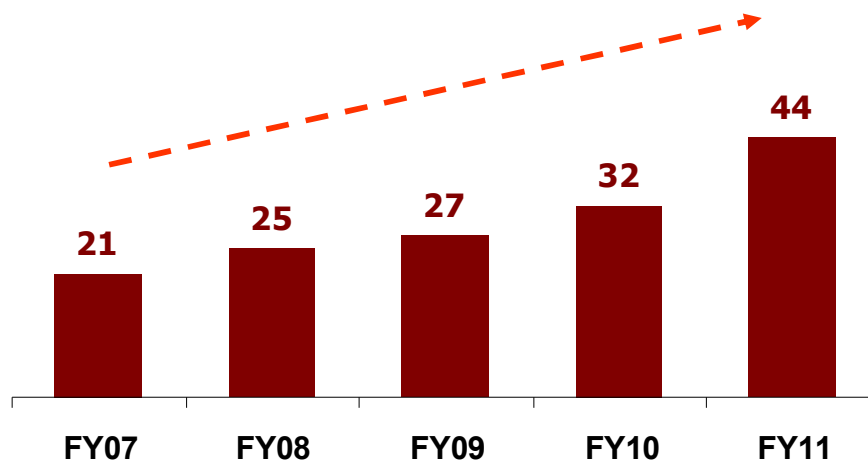


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TRANSCENDING EXPECTATIONS



Business Strategy / Accounting policy changes

- Networth crosses Rs 1000 Cr with capital infusion from the globally reputed investors like KKR and IFCW
 - Infusion to support the geographical expansion plans and a much higher rate of growth in loan disbursal as well as enable retention of assets on our balance sheet
- Key Business strategy and accounting policy changes
 - Business strategy altered to view Securitisation model more as a treasury activity than as a funding tool
 - Consequently, No Securitisation of receivables done during the Qtr
 - NIL income from Securitisation during the Qtr as compared to Rs 27.0 Cr in Q1 FY11
 - Amortized an amount of Rs 11.6 Cr pertaining to the Origination costs and dealer / manufacturer discounts over the tenor of the respective contracts in line with the principles enunciated in the proposed AS 30 on financial instruments in Indian GAAP and IFRS

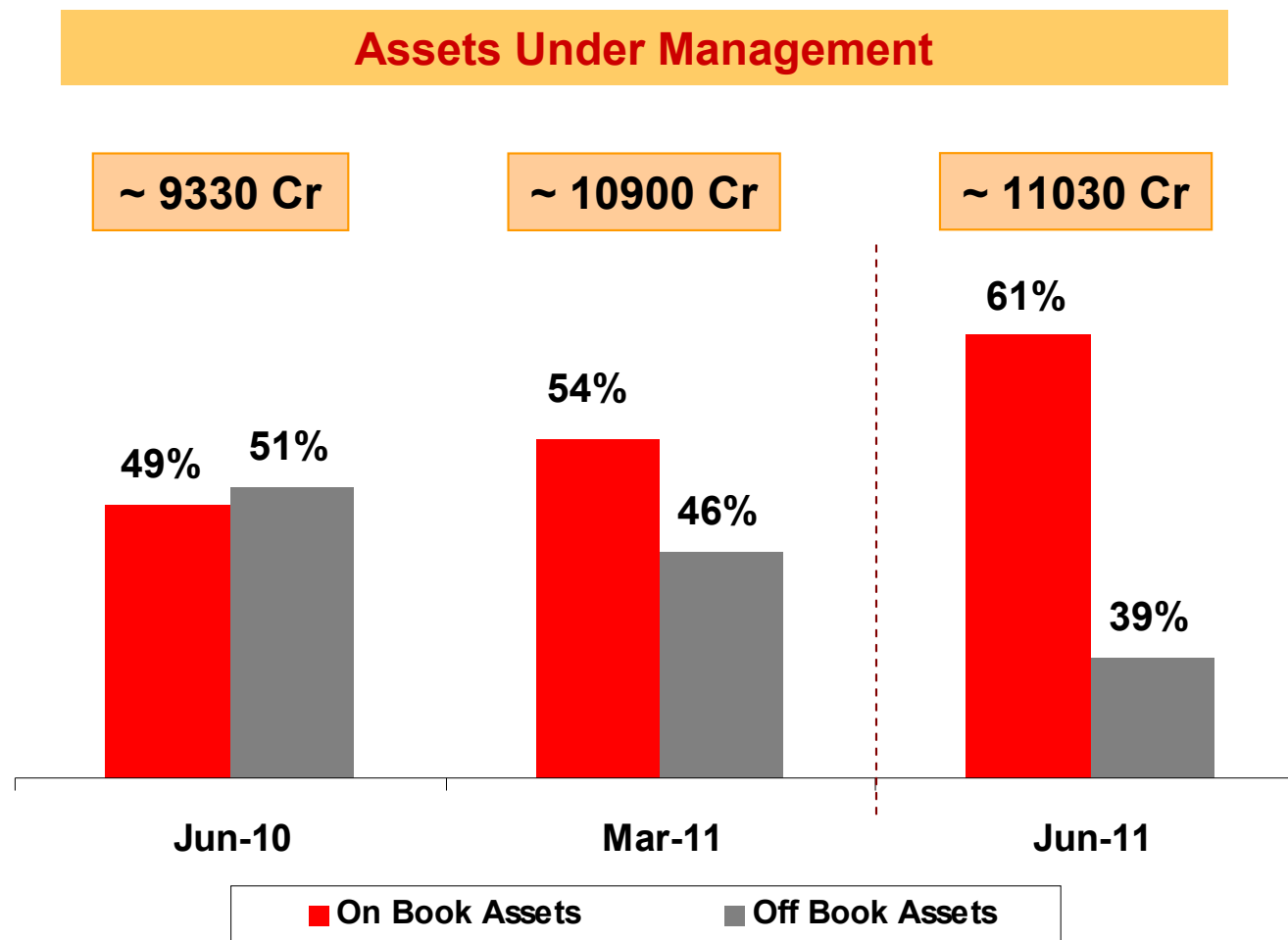
Q1 FY12 Highlights (1)

- Disbursement growth by 36%
- Yields increased by 104bps in Q1 vs Q4 of last FY.
Increase seen in all products and customer segments
- High Yield products contribution increased to 22% from 16%
- Q1 FY12 Net Interest spreads at 4.6% up from 4.4% for Q4 of last FY
- Collection Efficiency at 100.1% for Q1 FY12
- W/offers % reducing consistently for 3 years; reduced by 43% in Q1 over LY

Q1 FY12 Highlights (2)

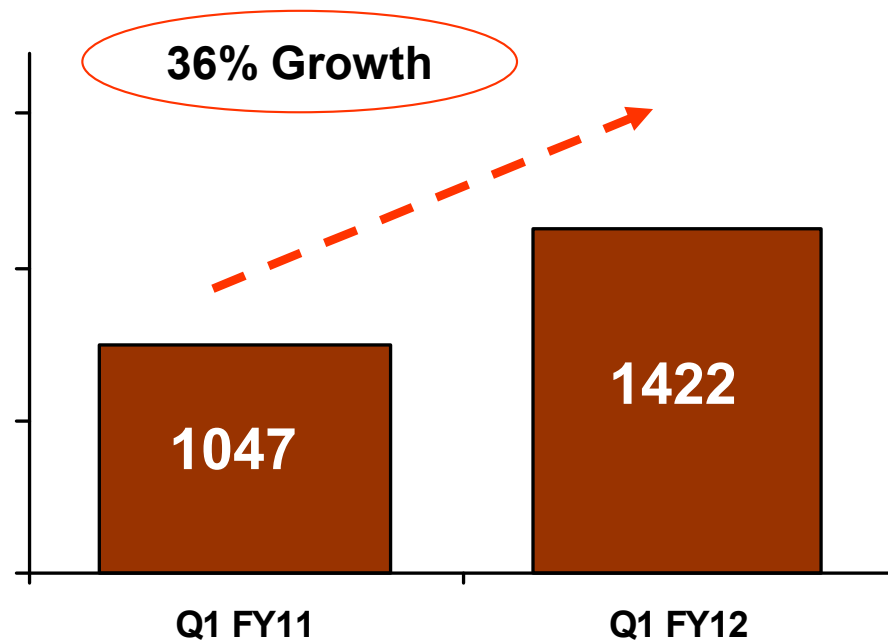
- No Securitization during the quarter
- Assets on finance grown by 62% YOY
- Up front income and expenses being amortized
- Total income growth by 23% YOY
- Q1 FY12 PAT marginally reduced by 6% against Q1 FY11
- Capital raised : ~439 Cr.
- CAR comfortable at 21.8% (Tier 1 – 16.4%) end-June 2011

Q1 FY12 Key Achievements... Enhanced balance sheet size

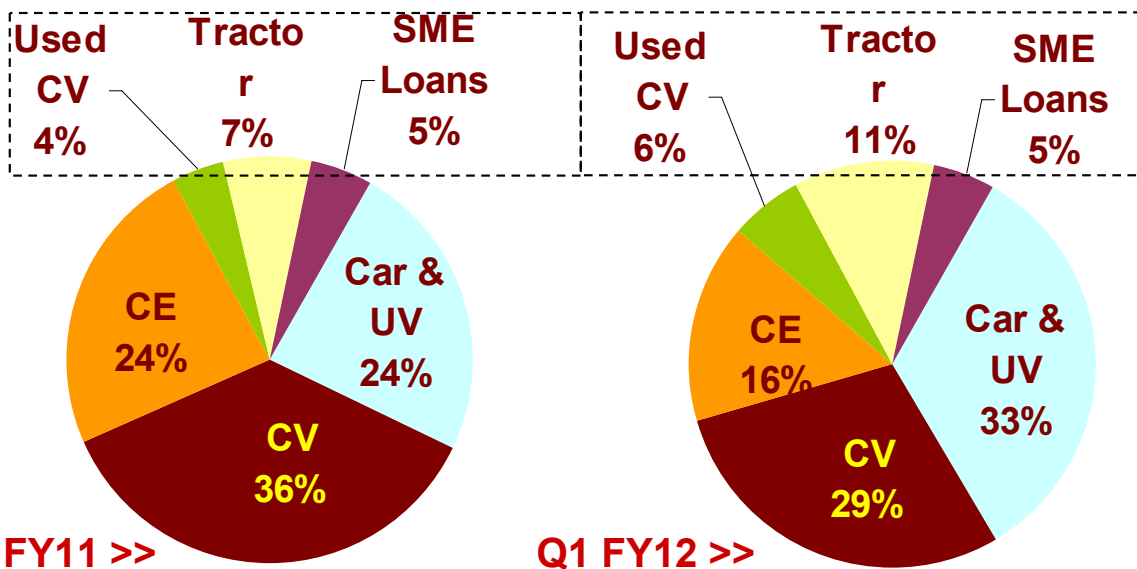


- Total On book Assets have grown by an impressive 47% to Rs 6773 Cr as of Jun 11 Vs Rs 4600 Cr as of Jun 10

Q1 FY12 Key Achievements... Disbursements



- 36% Growth in disbursements in Q1 of FY12 Vs Q1 last year

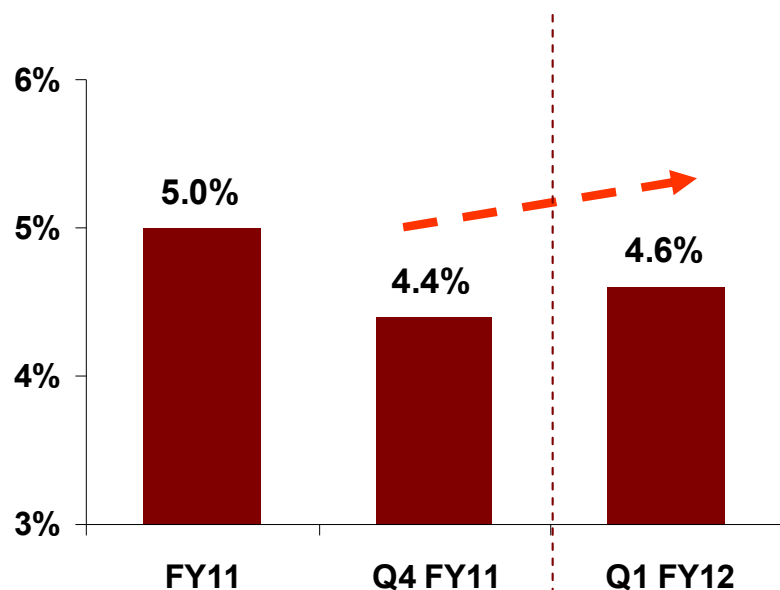


- Share of higher yield products*
 - At 22 % in Q1 FY12 Vs 16 % in Q1 FY11

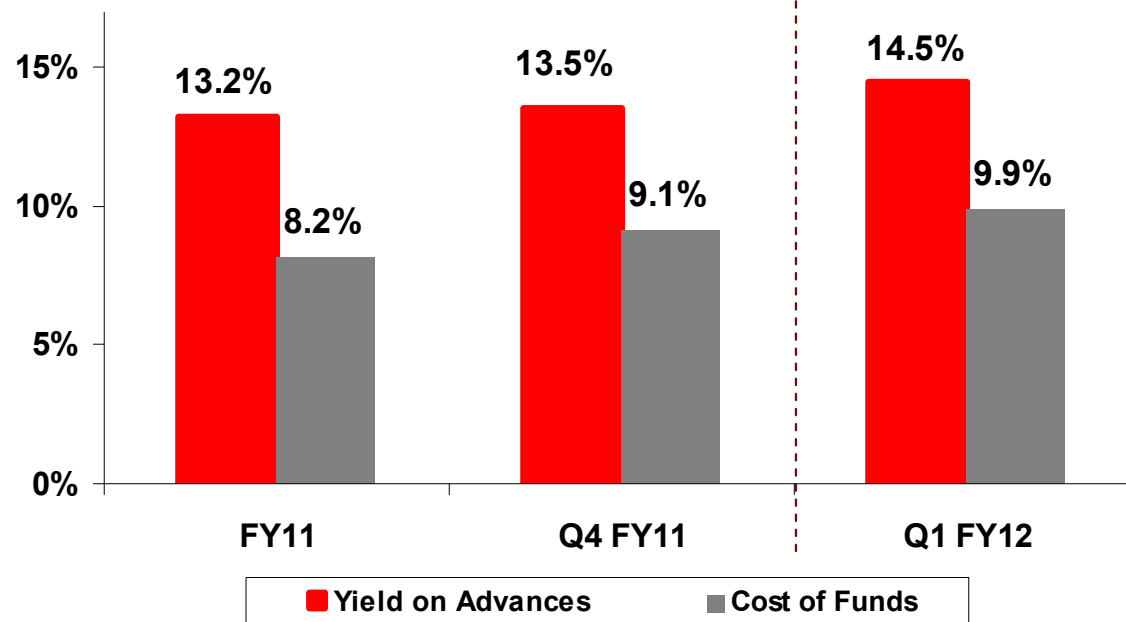
* Used CV, Tractors and SME Loans

Q1 FY12 Key Achievements... Net Interest Spreads

Net Interest Spreads*



Yield on Advances & Cost of funds

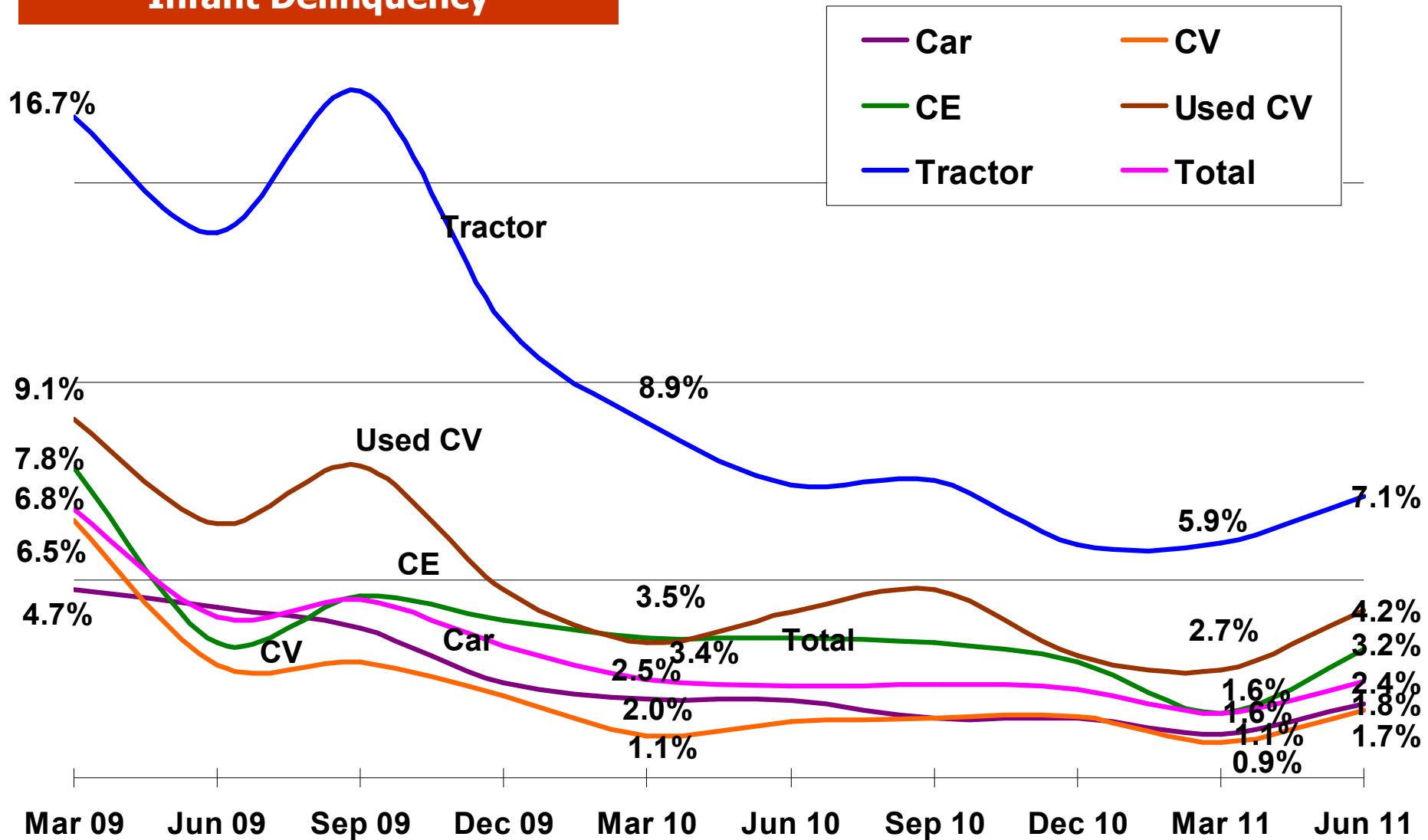


- **Net Interest Spreads at 4.6% in Q1 FY12 despite rising interest rates :**
 - Reflects ability to pass on the increase in interest rates to the customers in all products and all customer segments
 - Greater share of higher yield products also enabled better margins

* Net Interest Spread is defined as difference between yield on advances and cost of funds

Q1 FY12 Key Achievements ... Excellent Asset Quality

Infant Delinquency

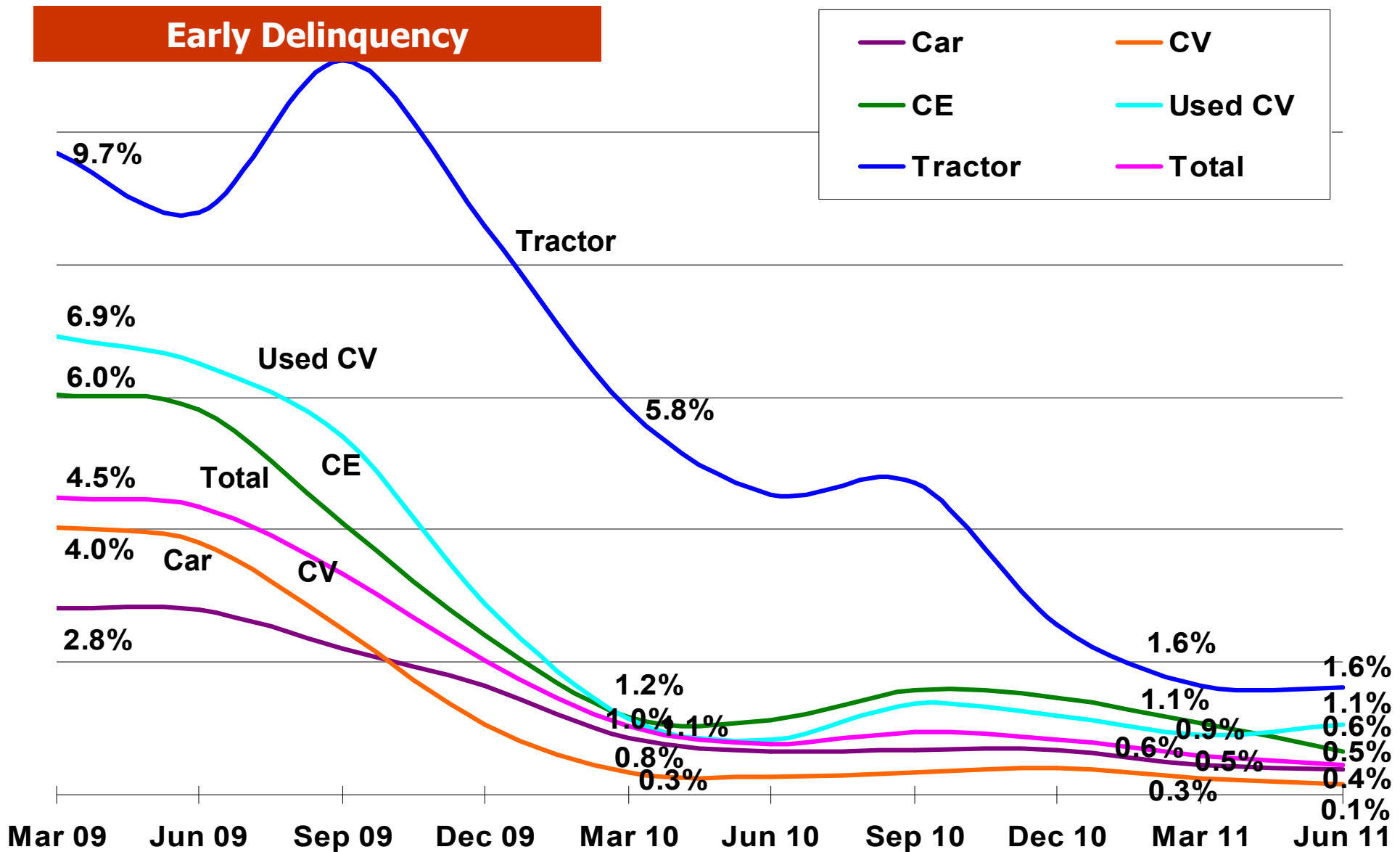


Infant Delinquency (ID) is 0+DPD % for underwritings of preceding 7 months



Q1 FY12 Key Achievements ... Excellent Asset Quality

Early Delinquency

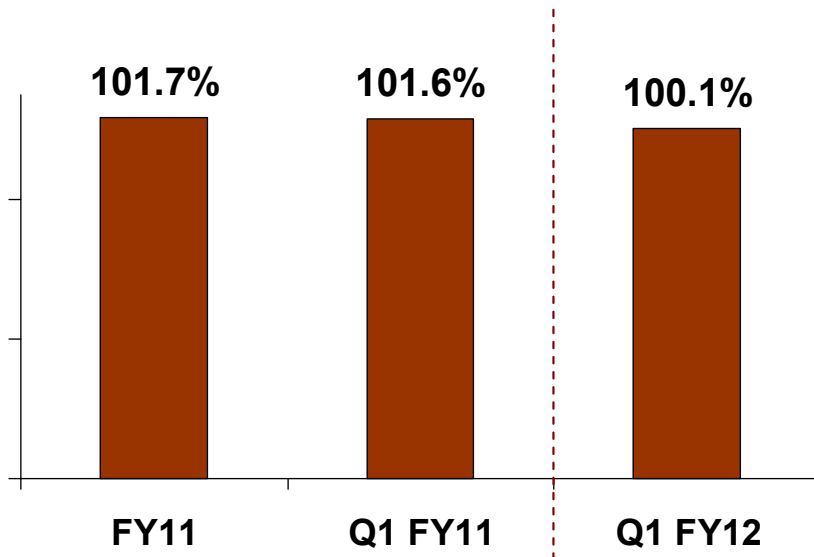


ED is the 60+ DPD % for underwritings done in preceding 15 months



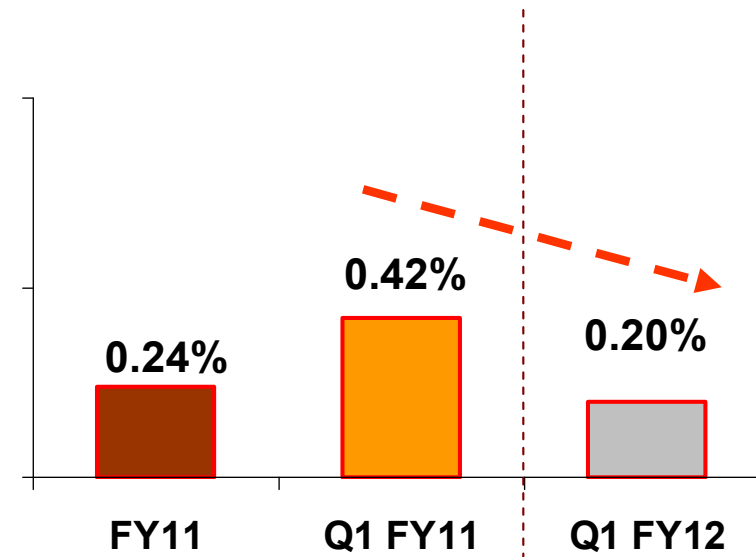
Q1 FY12 Key Achievements ... Sustained collection performance

Collection Efficiency* - %



- Collection Efficiency for Q1 FY12 maintained at robust levels of >100%

Write-offs to Total Assets - %



- Accordingly, Write-offs contained well below historical levels
- Above write-offs excludes Standard Asset provisions (0.11% of Total Assets for both FY11 & Q1 FY12)

Lower than historical credit charge to PL is a reflection of Magma's credit quality and sustained collection performance

* Collection Efficiency is defined as installment collections made during the period divided by installments billed during the period as percentage

Key Ratios

Particulars	FY11	Q1 FY11	Q1 FY12
Return on Assets (%)	2.3	1.6	1.1
Return on Equity - Post Issue (%)	23.6	15.2	6.8
Return on Equity - Pre Issue (%)			9.3
EPS (Rs.) *	8.4	1.3	1.0
Book Value (Rs) *	44	38	57
CAR # (%)	18.2		
Tier 1 (%)	11.3		
Tier 2 (%)	6.9		

* EPS & Book value per share has been adjusted for the stock split of 1 share of Rs. 10 each into 5 shares of Rs. 2 each (Aug 2010)

Magma being a non deposit taking NBFC is required to submit CAR on annual basis only; However on estimated basis at Jun 2011 CAR is approx 21.8% (16.4% Tier 1 and 5.4% Tier 2)



Spread Analysis

Particulars	FY11	Q1 FY11	Q1 FY12
Total Income / Average Assets	16.6%	15.5%	14.0%
Interest Expense / Average Assets	6.7%	6.3%	7.6%
Gross Spread	9.9%	9.2%	6.3%
Overheads / Average Assets	5.8%	5.9%	4.2%
Write-offs & Provisions / Average Assets	0.7%	0.9%	0.5%
Net Spread (pre tax)	3.4%	2.4%	1.6%
Tax / Average Assets	1.1%	0.8%	0.5%
RoA	2.3%	1.6%	1.1%

* Write-offs & provisions are inclusive of Standard Assets provisions (0.22% of Average On book Assets in FY11, 0.18% in Q1 FY12)

* Figures may not tally fully due to rounding off

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CONTINUING TO TURN DREAMS INTO REALITY



Magma targets ~ 120k crores market opportunity

Figs in Rs Cr	CV	CE & SCE	Cars & UV	Used CV	Tractors	SME Loans
Industry FY11 disbursement	60000	15500	58400	~ 36,000	12500	~ 6000
Co. direct addressable opportunity	65-70%	50-60%	~70%	~ 50%	55%	80-100%
Company's FY 11 Disbursement	1945 Cr	1144 Cr	1316 Cr	244 Cr	462 Cr	304 Cr

Note: Total industry size has been estimated based on sales figures of various Industry Associations such as SIAM, TMA, feedback of manufacturers and management estimates of finance penetration and average loan size. Direct addressable opportunity based on management estimates

Business Strategy

Product portfolio

- Business growth across all products
- Increasing share of higher yield products: Used CV, Tractors & SME loans
- General Insurance foray to expand product offerings

Market positioning

- Focus on first time buyers and small entrepreneurs
- Focus on semi urban and rural markets

Financials

- Drive RoE/RoA through
 - Higher NIM and higher business volumes
 - Greater contribution from higher yield products to overall business
 - Improvement in operating efficiency

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.