



Reaching New Heights in Retail Finance

Table of contents

• Vision

• Business Overview

• Board of Directors

• Financial Highlights

CONTINUING TO TURN DREAMS INTO REALITY



Investing in the smallest dream

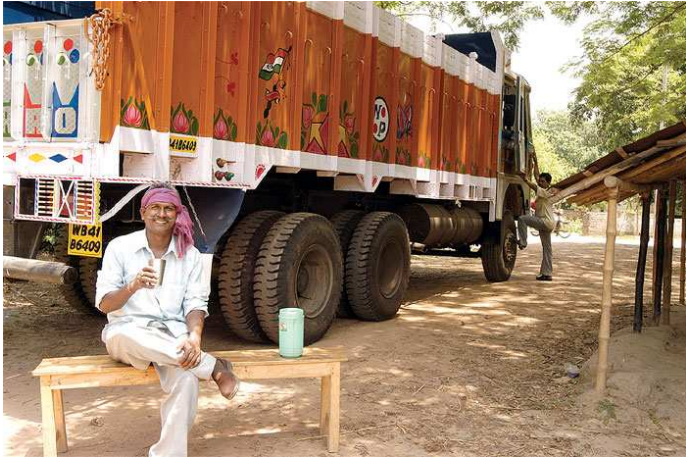
Magma caters to diverse financial needs of small entrepreneurs in rural* and semi rural* markets of India ...where large banks and institutions fail to reach and serve.



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 rural 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 focuses 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 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



Business Strategy

Product portfolio

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

Market positioning

- First time buyers and small entrepreneurs
- Focus on semi rural and rural markets

Financials

- Target increase in RoE/RoA through :
 - Higher NIM
 - Higher business volumes
 - Improvement in operating efficiency

Liabilities

- Diversified funding lines
- Optimum Cost



Magma targets ~ Rs 120k Crores market opportunity

Amt 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	40500 65-70%	8500 50-60%	40900 ~70%	~ 18,000 ~ 50%	6900 55%	~ 5400 80-100%
Company's FY 11 Disbursement	1945	1144	1316	244	462	304

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

Table of contents

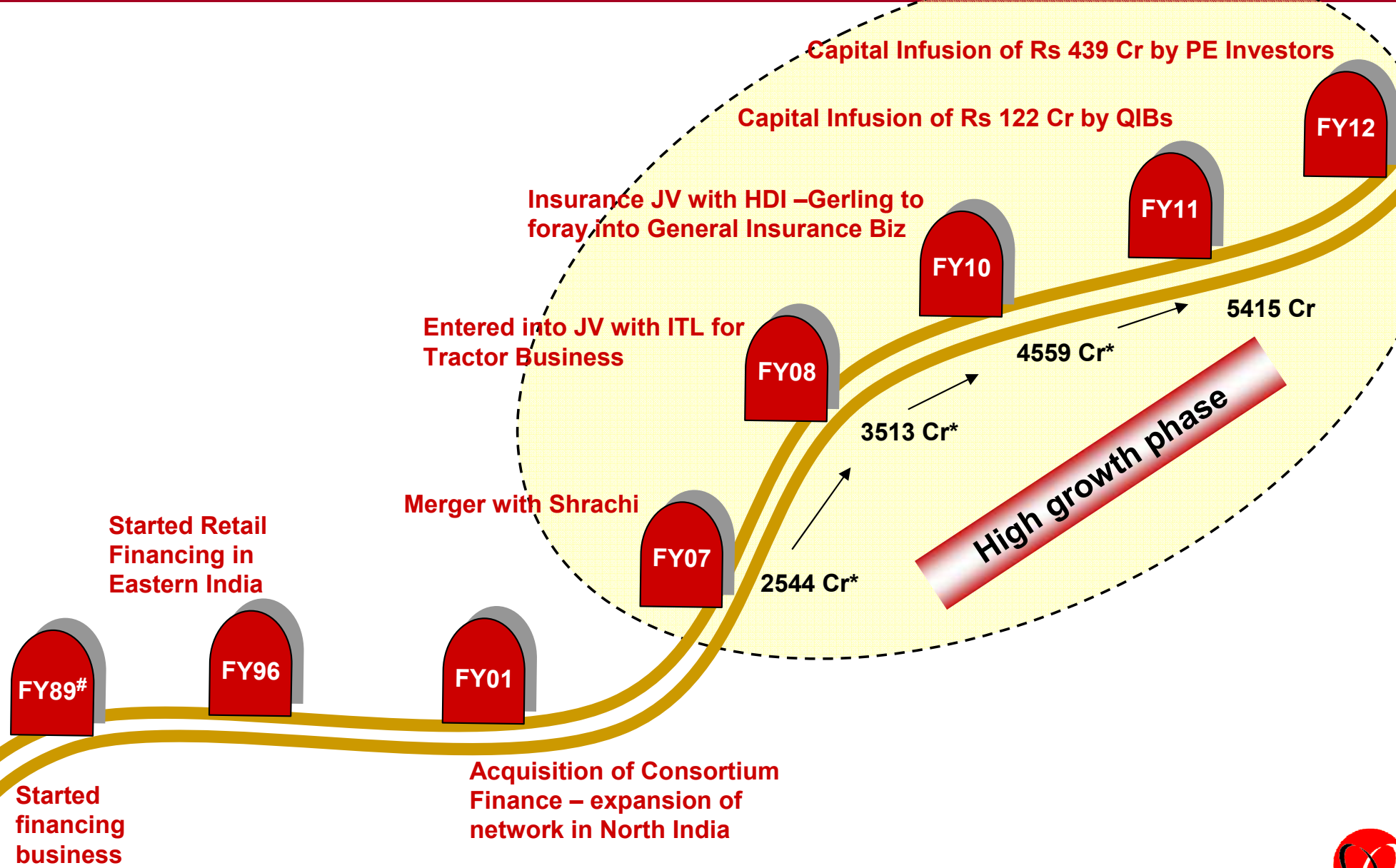
• Vision

• Business Overview

• Board of Directors

• Financial Highlights

Over 20 years of successful organic and inorganic growth



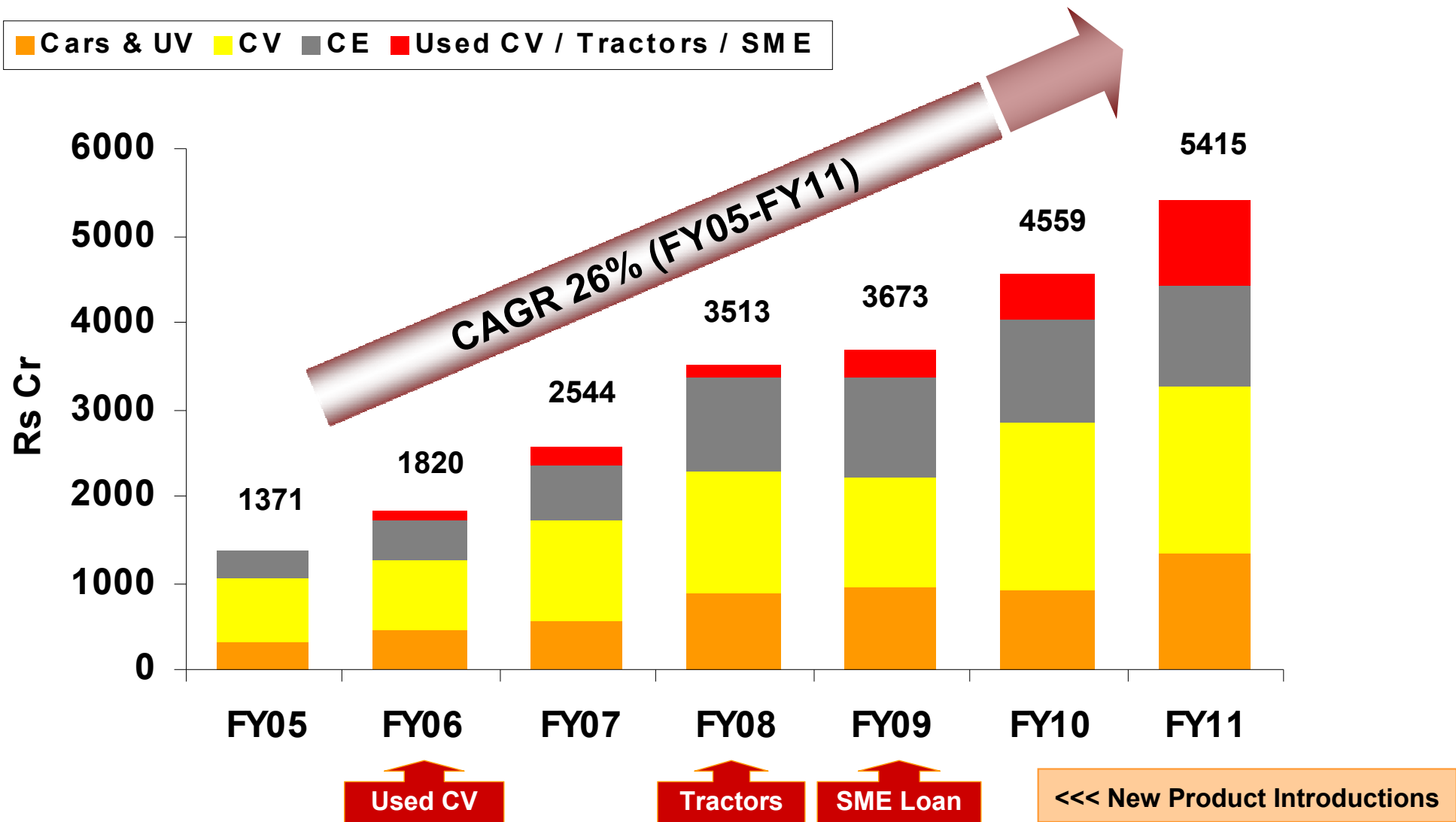
* Disbursements made in respective financial years

Magma...at a glance

❖ No. of years in financing business	Over 2 decades
❖ No. of customers serviced	5,50,000 approx
❖ No. of branches	190
❖ Disbursements FY11	Rs. 5415 Cr (~ USD 1.1 bn)
❖ AUM March 2011	Rs. 10907 Cr (~ USD 2.22 bn)
❖ Total Income FY11	Rs. 874 Cr (~ USD 178 mn)
❖ PAT FY11	Rs. 122 Cr (~ USD 24.8 mn)
❖ Interest Spread FY11 Business	5.0%
❖ CAR March 2011	18.2%
❖ RoA FY11	2.3%
❖ RoE FY11	23.6%

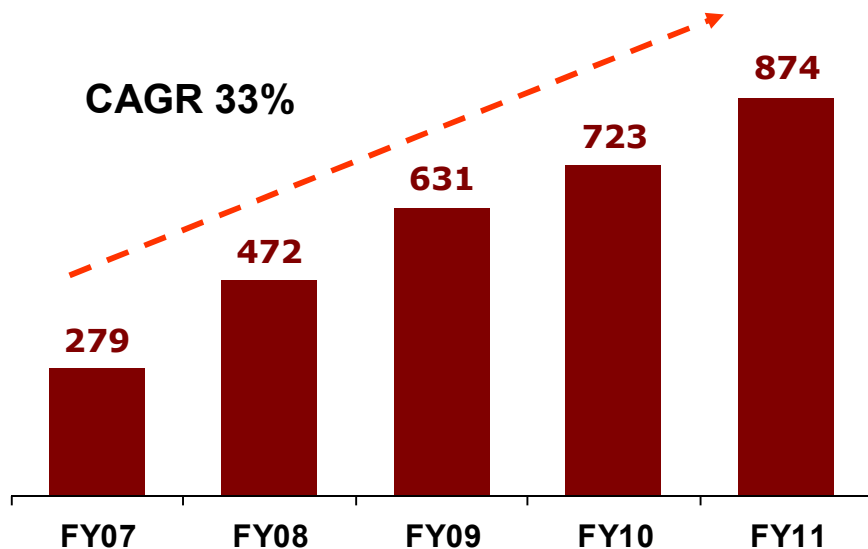
* 1 USD = 49.1 INR as on 8th Oct 2011

Disbursements on a high growth trajectory

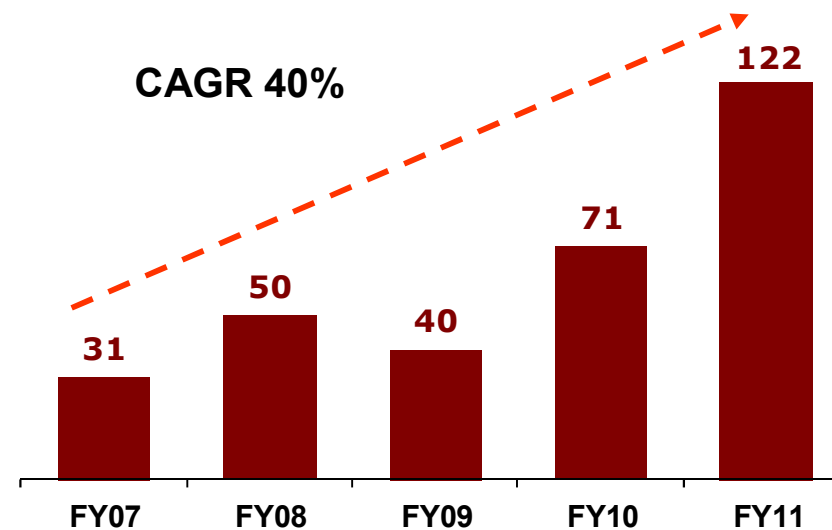


History of growth and profitability

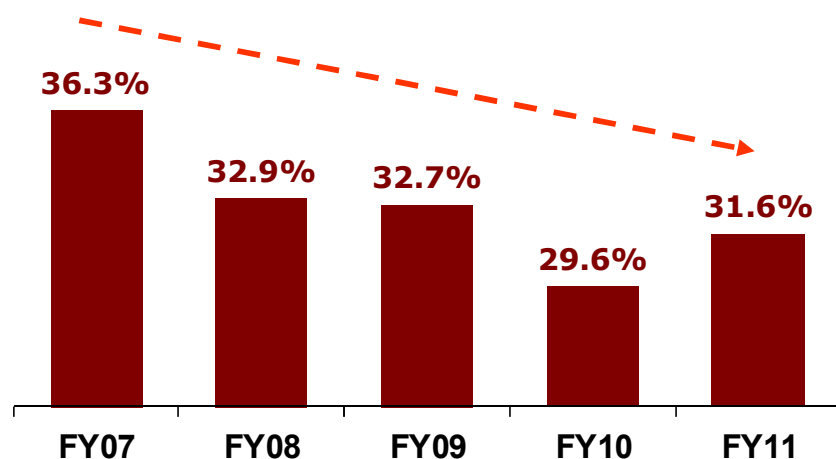
Total Income (Rs Cr)



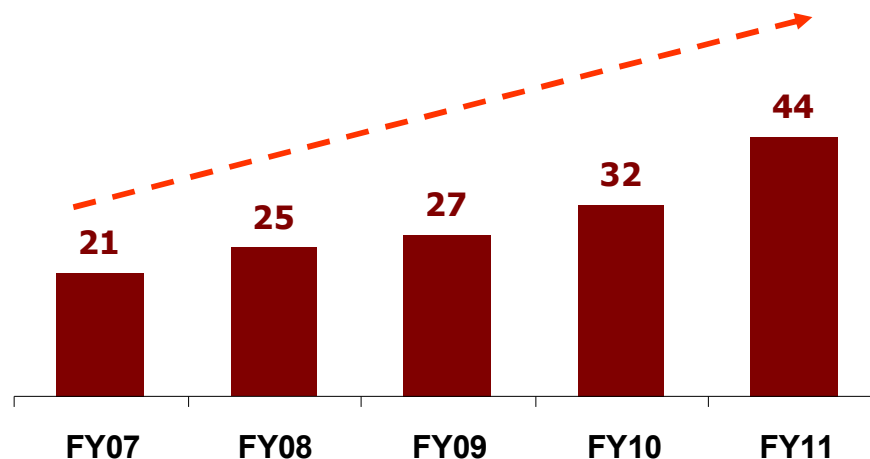
Profit After Tax (Rs Cr)



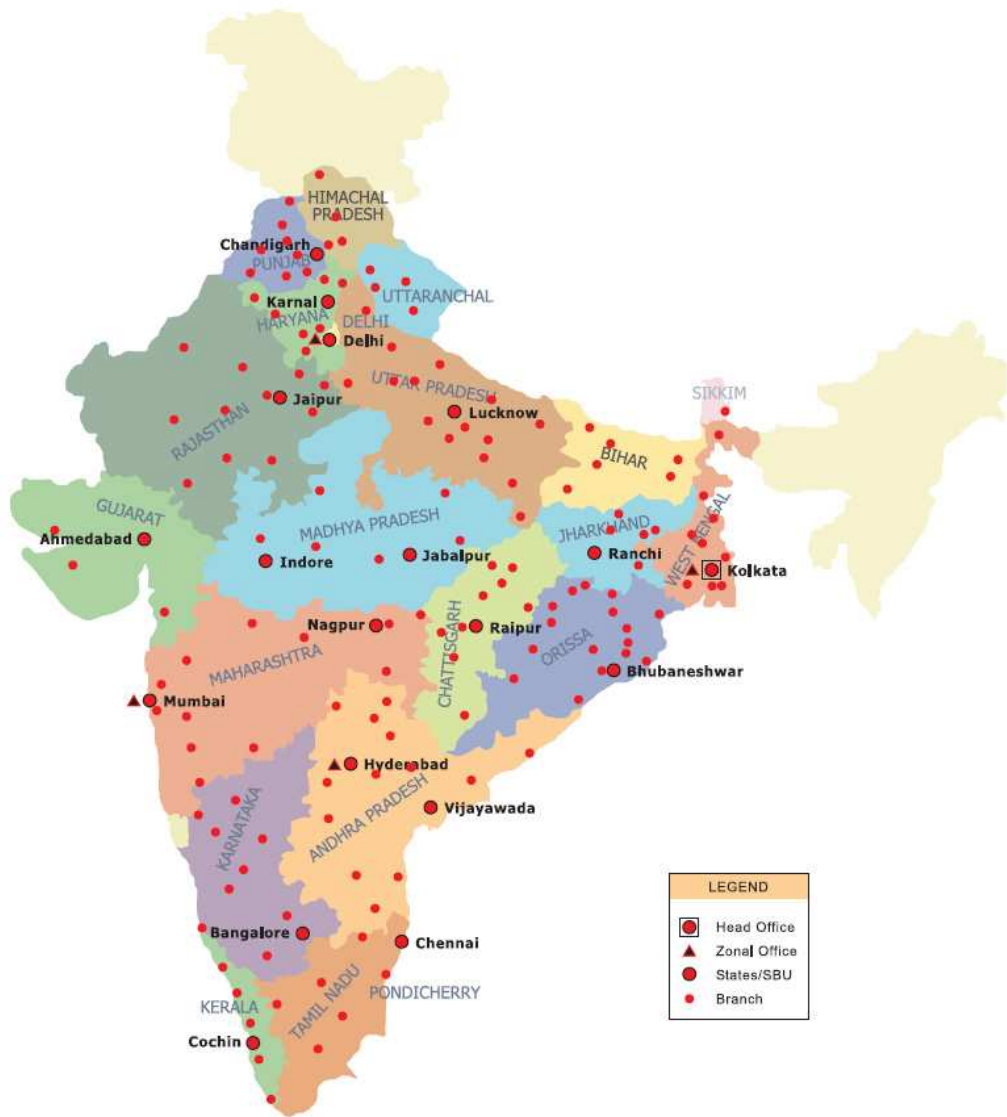
Operating Efficiency (Costs to Total Income Ratio)



Book Value (Rs.)

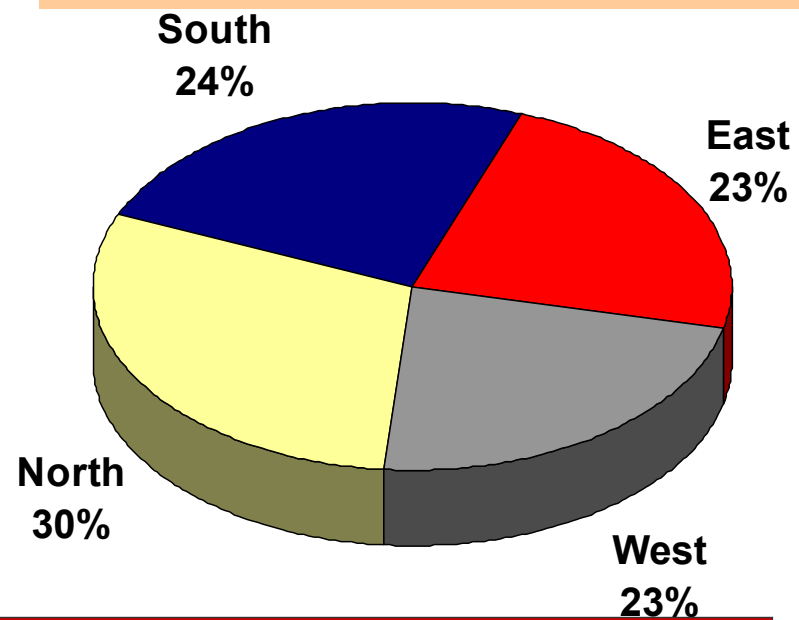


Our pan India presence, largely rural and semi rural...



18 SBU
190# Branch Offices across 21 States / UT
 Covering **2500+** business clusters
82% Branches in rural*/semi rural* markets
Over 5000 employees including **4090** field officers

Zonal split of branches



Excellent reach in the semi-rural/ rural markets

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



Product Overview...H1 FY12

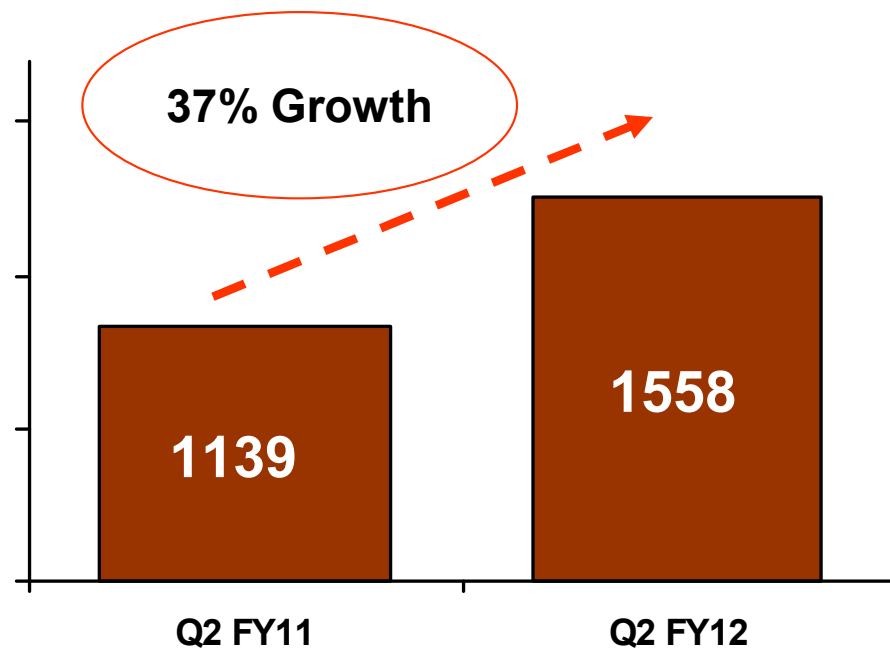
Product	ATS (Rs Lacs)	LTV %	Tenure Months	Net IRR \$ %
CAR	3.5	66%	43	14.1%
CV	16.0	90%#	43	12.8%
CE	18.2	78%	36	13.4%
Strategic CE	78.6	81%	40	12.0%
Used CV	5.0	72%	33	18.9%
SME Loans	25.8	NA	34	16.9%
Tractors	3.1	62%	46	20.0%
TOTAL	6.1	75%	41	14.6%

Notes

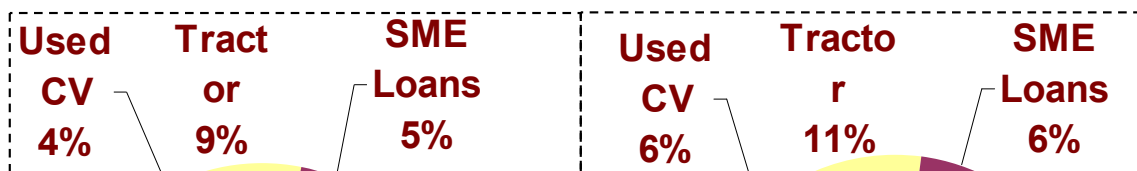
LTV for CV has been calculated without considering cost of truck body, which is not funded. Inclusive of body in the cost of asset, LTV would be approx. 75%

\$ 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 H1 FY12 and current rates may vary.

Q2 FY12 Key Achievements...Disbursements

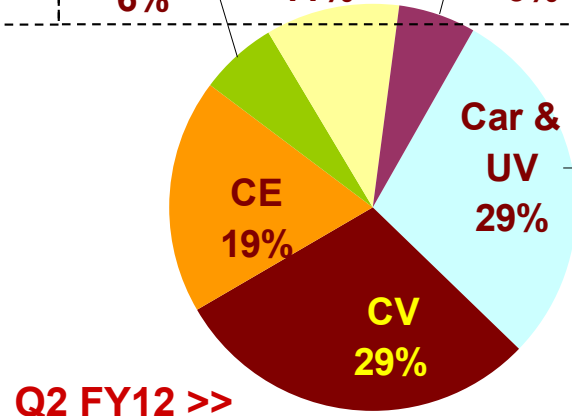
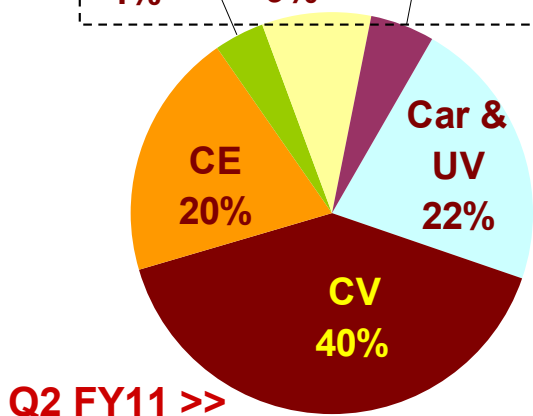


- 37% Growth in disbursements in Q2 of FY12 Vs Q2 last year
- H1 FY12 disbursements at Rs 2980 Cr, growth of 36% over H1 FY11



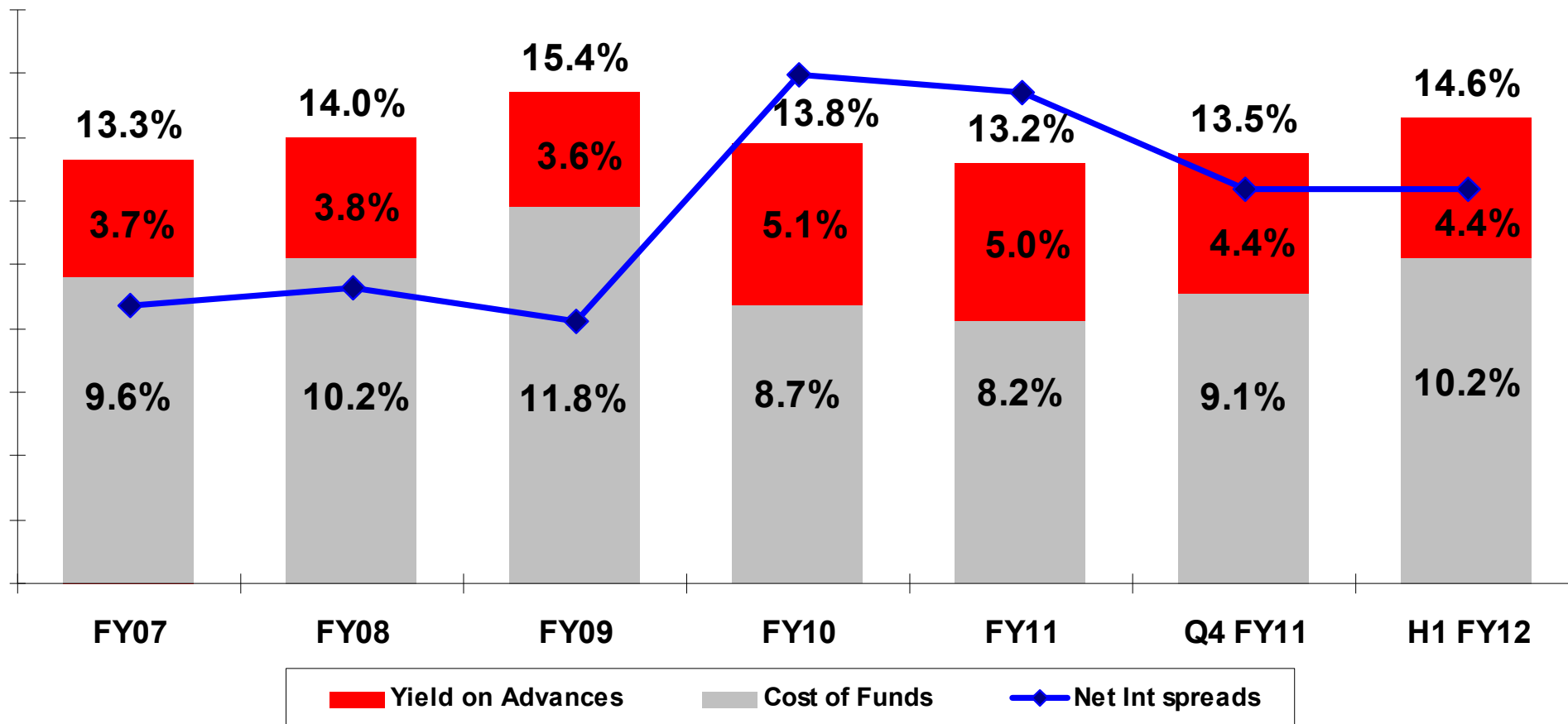
- Share of Used CV, Tractor & SME Loans :

- At 23 % in Q2 FY12 Vs 18 % in Q2 FY11
- At 22 % for H1 FY12 Vs 17 % in H1 FY11

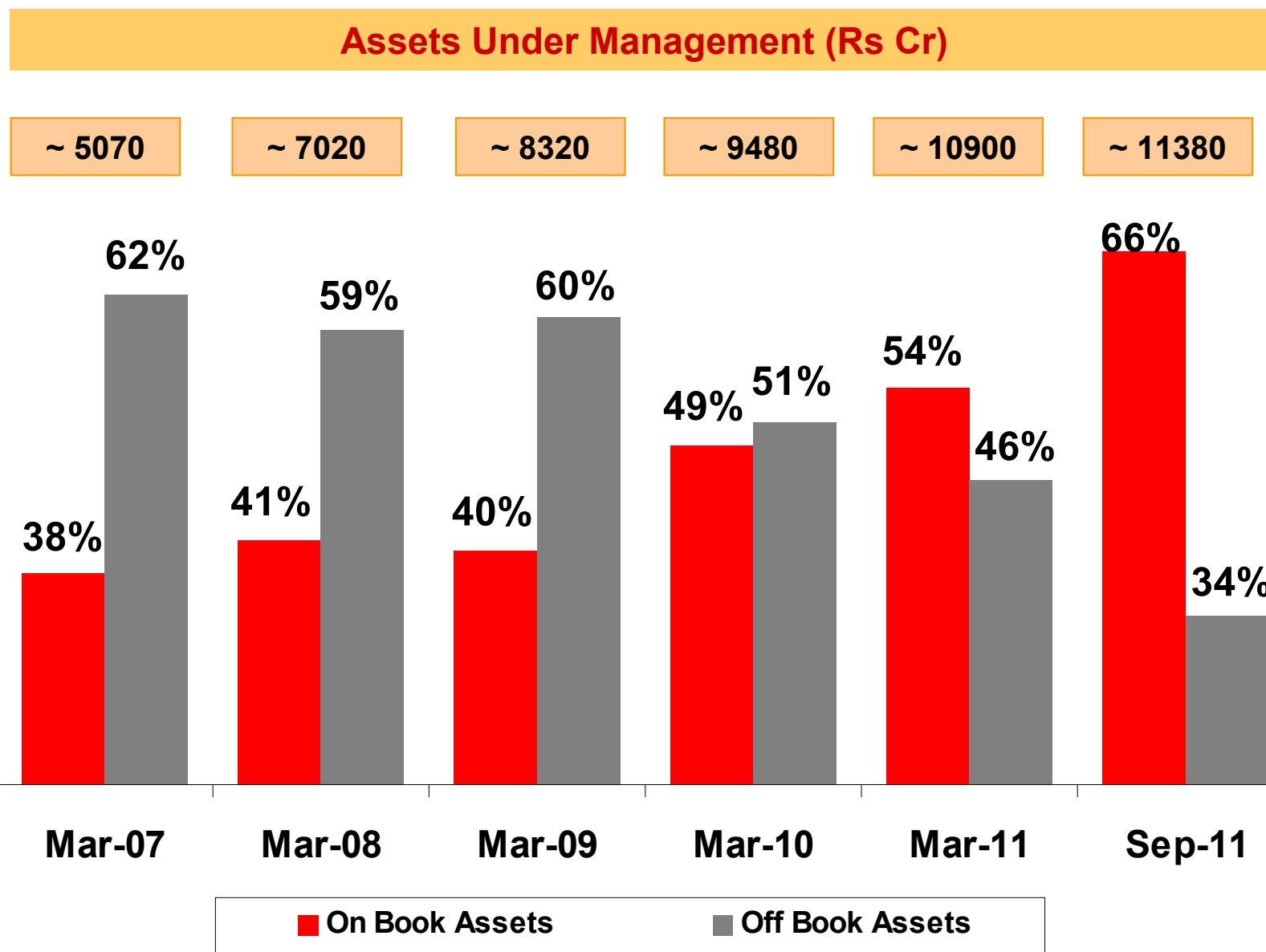


Net Interest Spreads

Yield on Advances & Cost of funds

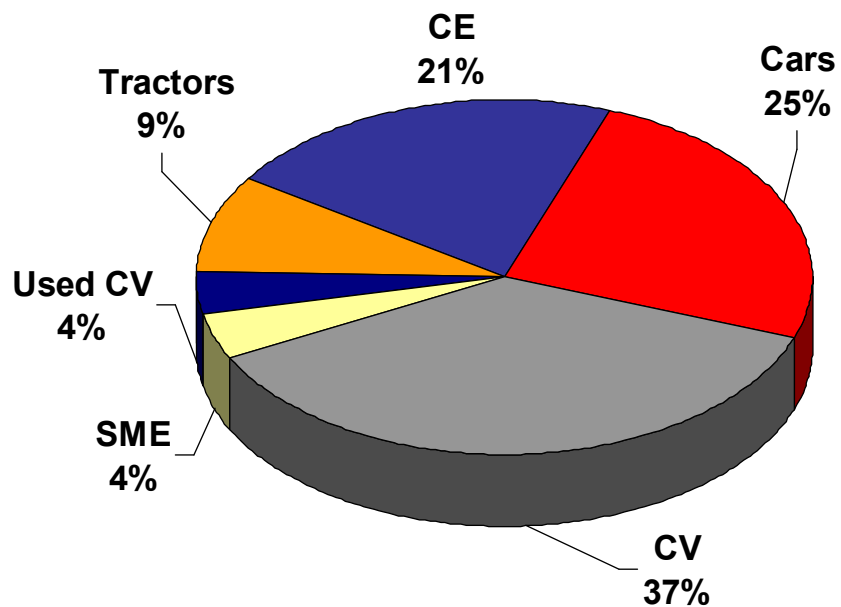


Enhanced balance sheet size

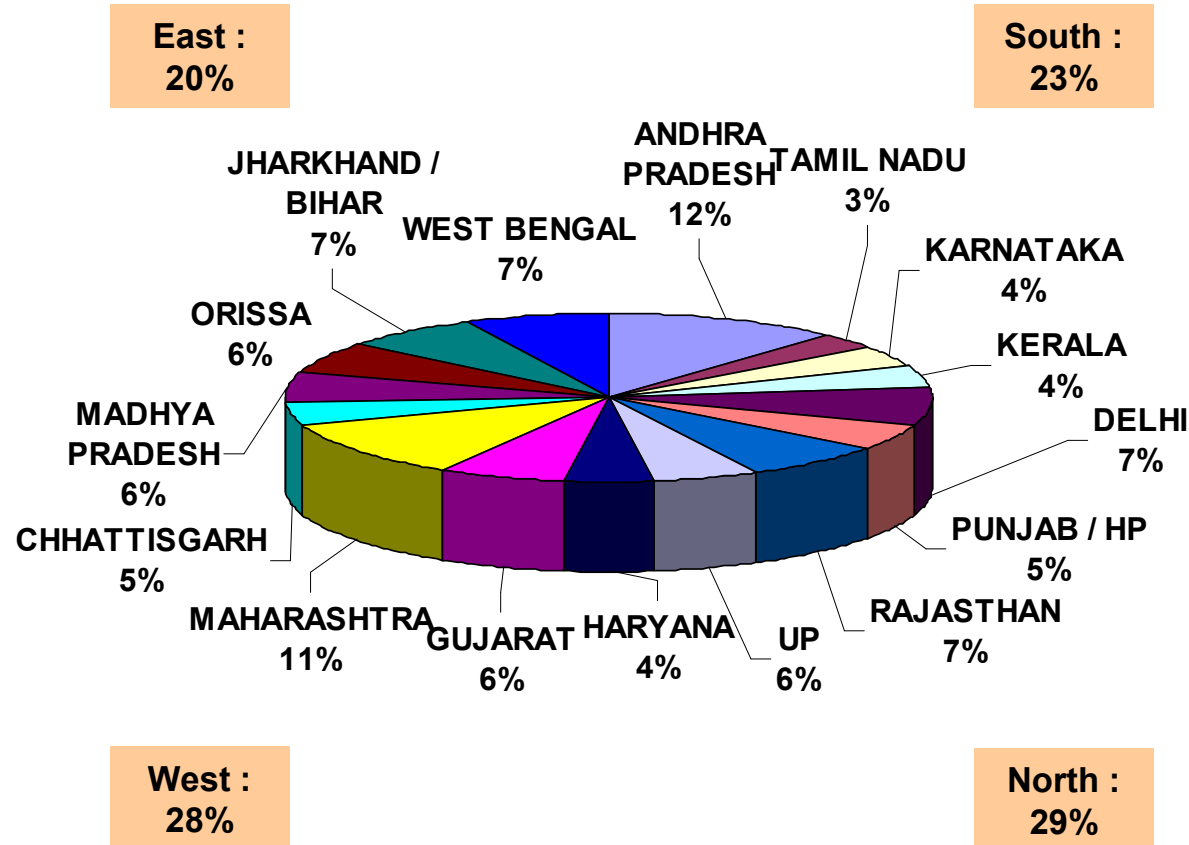


De-risked business strategy

Product Mix - Loan Assets (Sep 11)



Geographical Mix - Loan Assets (Sep 11)



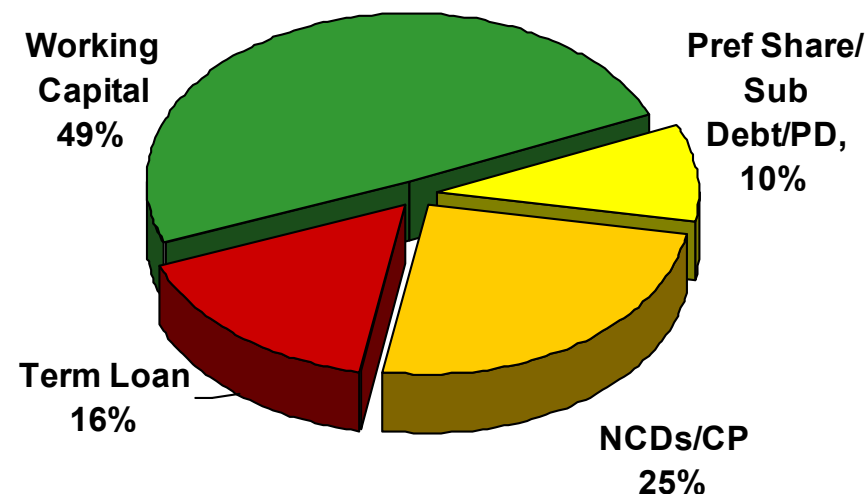
Wide canvass across geographies & products mitigates impact of any external shocks



Strong and consistent fund raising capability

- Ratings upgraded to CARE AA+ in July 11
- A consortium of over 20 banks and institutions, including top banks such as PNB, SBI, ICICI etc
- Basel II rating of Magma enables lower risk weight
- Long banking relationships ensured continued lending during economic downturn

Borrowings as of 30th September 2011 : Rs 5889 Cr



CRAR (%)	Mar 07	Mar 08	Mar 09	Mar 10	Mar 11	Sep 11
Total	20.2	15.3	17.3	14.9	18.2	20.0
Tier 1	11.6	8.9	9.2	8.6	11.3	15.1
Tier 2	8.6	6.4	8.1	6.3	6.9	4.9

Instrument	Ratings (CARE)
Short Term	A1+
Long Term	AA+
Preference Shares	AA
Subordinated Debt	AA
Perpetual Debt Instrument	AA-
Securitization	AAA(SO)



MAGMA
Investing in the smallest dream

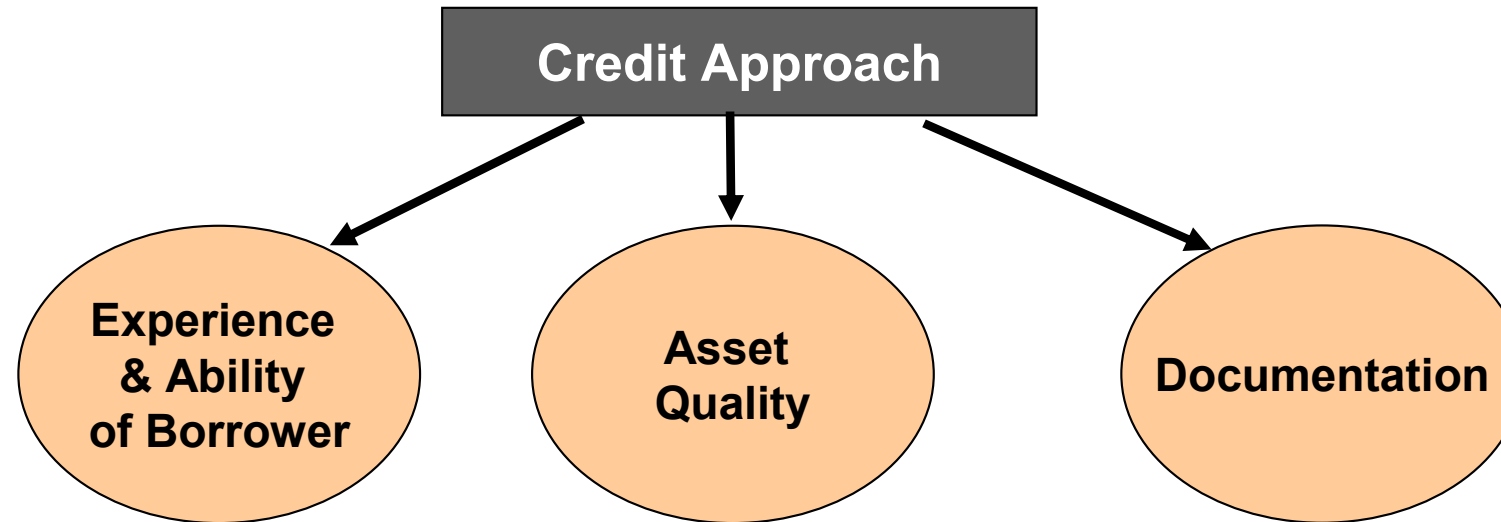
Spread Analysis

Particulars	FY11	H1 FY11	H1 FY12
Total Income / Average Assets	16.6%	15.4%	14.2%
Interest Expense / Average Assets	6.7%	6.5%	8.0%
Gross Spread	9.9%	8.9%	6.2%
Overheads / Average Assets	5.8%	5.5%	4.0%
Write-offs & Provisions / Average Assets	0.7%	0.6%	0.5%
Net Spread (pre tax)	3.4%	2.7%	1.7%
Tax / Average Assets	1.1%	0.9%	0.5%
RoA	2.3%	1.8%	1.2%

* Write-offs & provisions are inclusive of Standard Assets provisions (0.22% of Average On book Assets in FY11, 0.15% in H1 FY12)

* Figures may not tally fully due to rounding off

Our underwriting approach



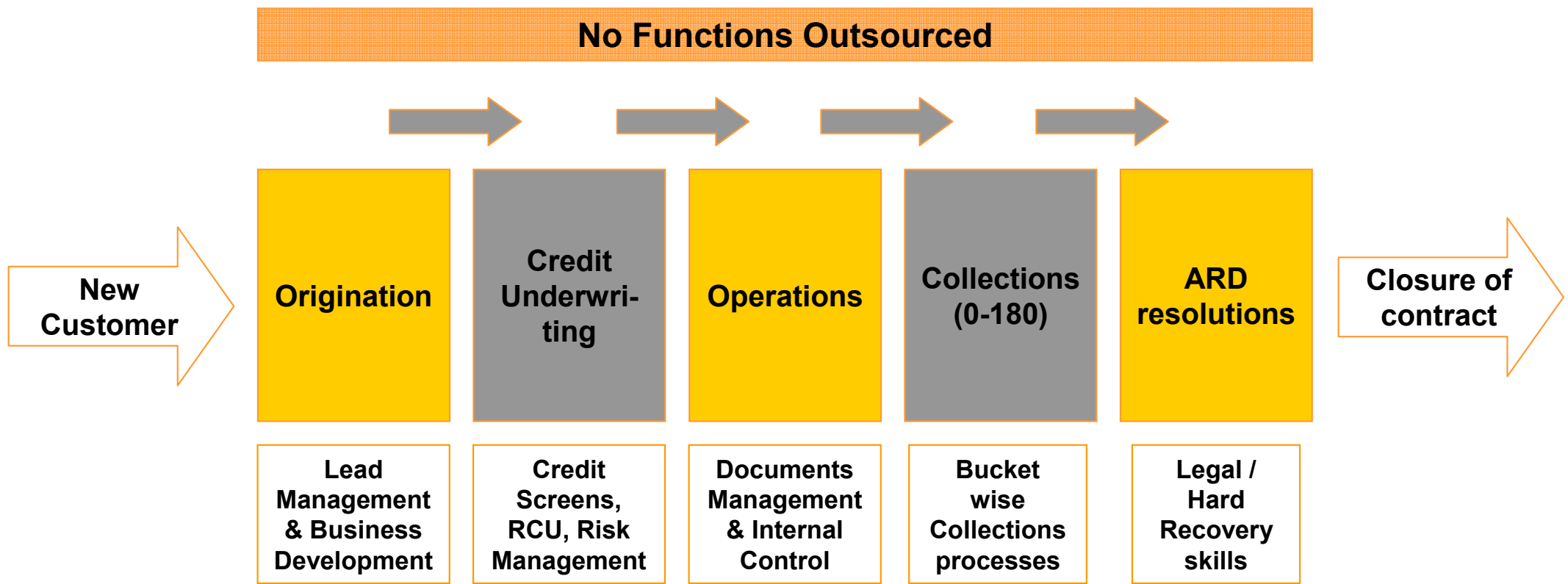
- Years of relevant business
- Asset Usage & Ownership
- Mandatory meeting by Sales Officer
- Field Investigation by FI Team
- Trade Reference Checks

- 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



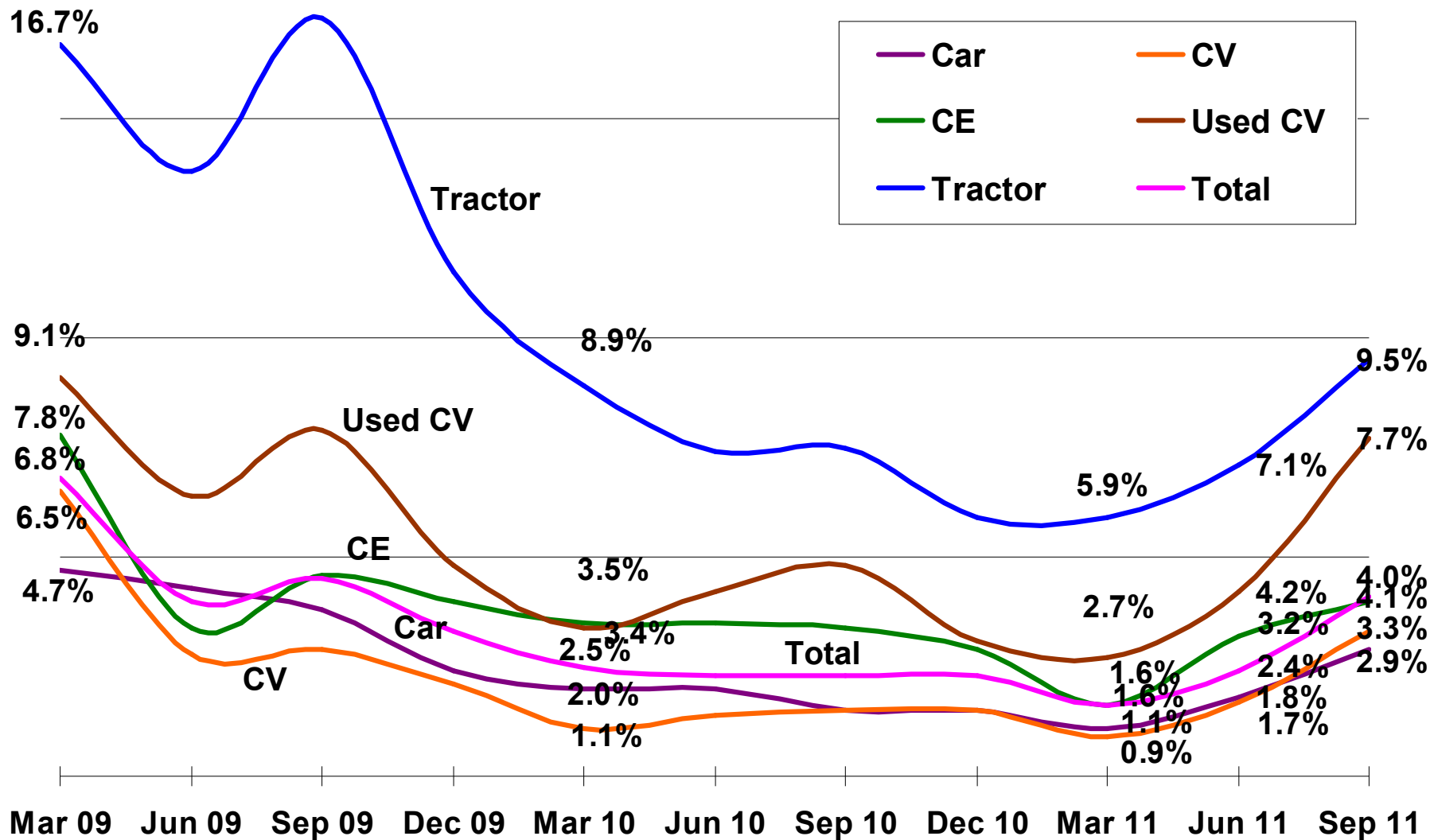
Our structures and processes



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

Excellent Asset Quality : Infant Delinquency

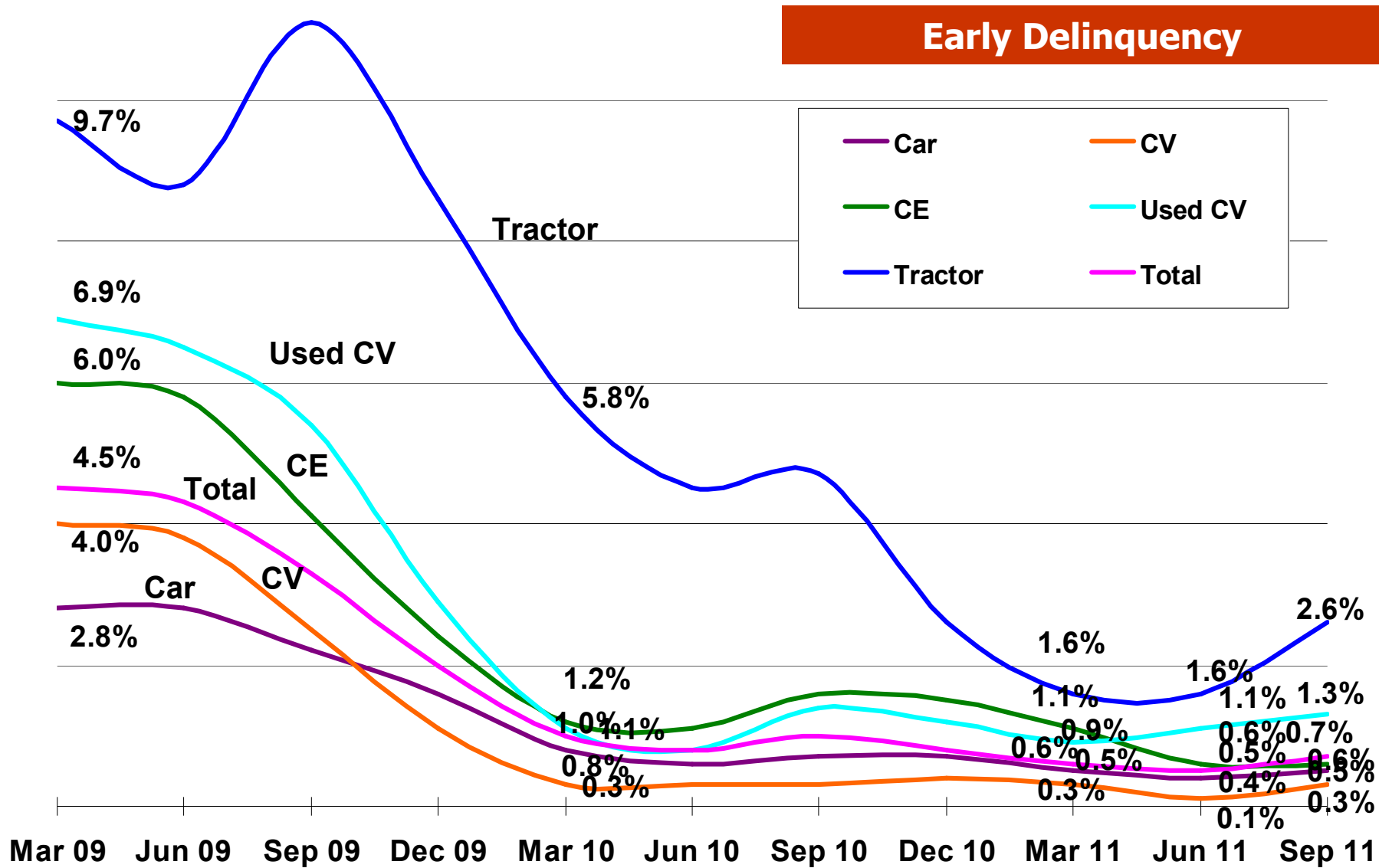
Infant Delinquency



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



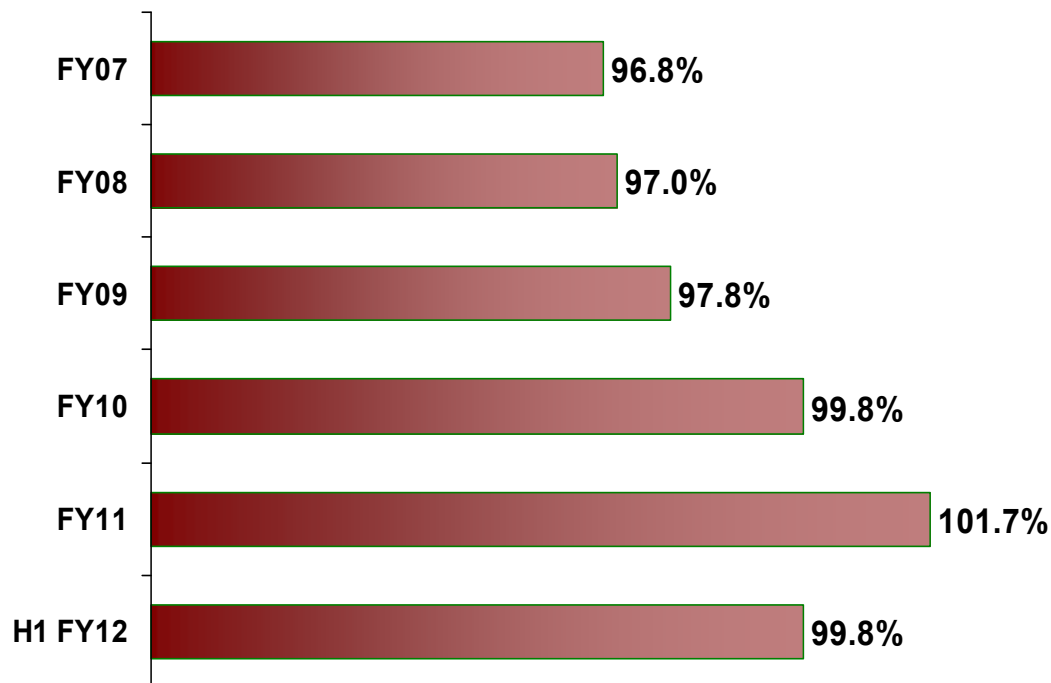
Excellent Asset Quality : Early Delinquency



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

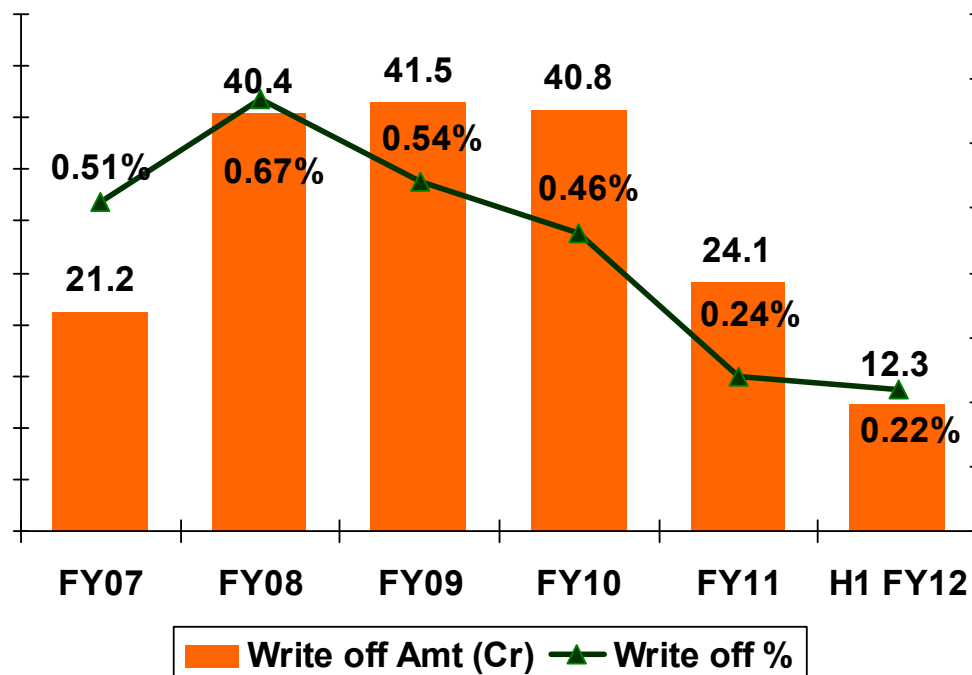
Sustained collection performance

Collection Efficiency* - %



- Collection Efficiency in H1 FY12 maintained at robust levels

Write-offs to Total Assets - %



Above write-offs excludes Standard Asset provisions (0.11% of Average Total Assets for FY11 & 0.09% for H1 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

Table of contents

• Vision

• Business Overview

• Board of Directors

• Financial Highlights

Our shareholders

Top Institutional Shareholders

Overseas Bodies

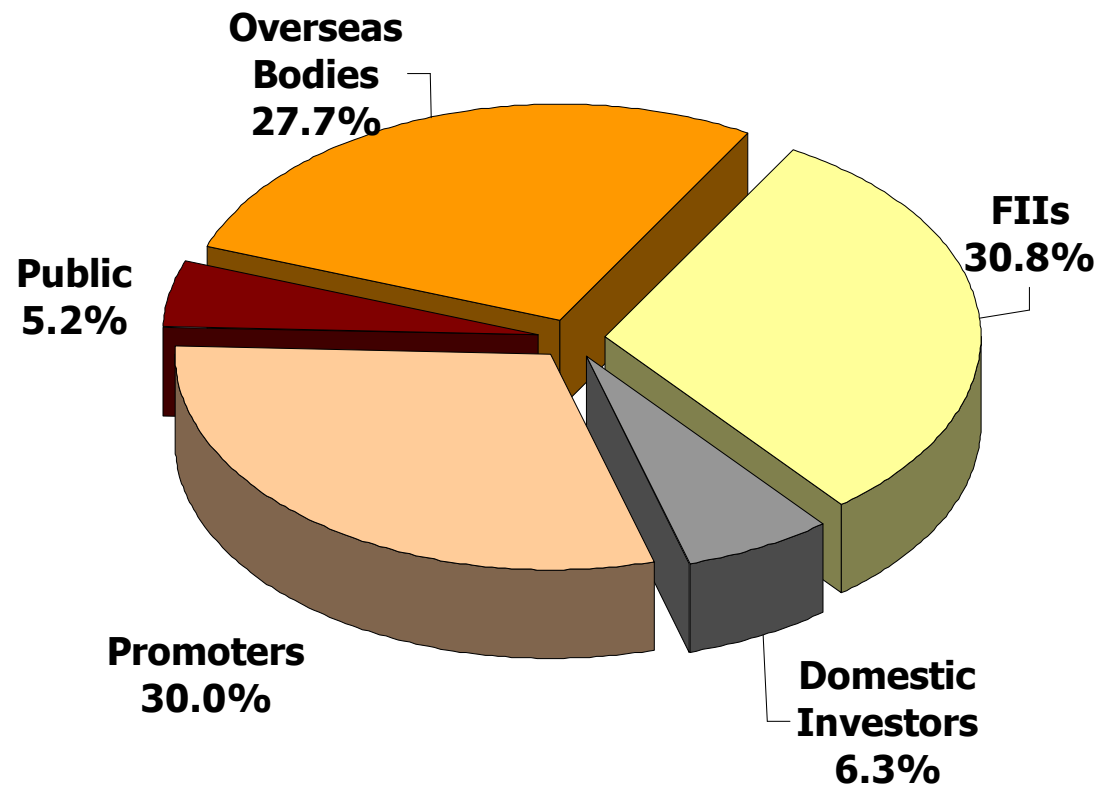
- KKR (Kohlberg Kravis Roberts & Co.)
- IFC, Washington

FII's

- India Capital Fund Ltd
- Citigroup Global Markets
- Wellington Management

Domestic Investors

- Sundaram BNP Paribas Mutual Fund
- UTI Mutual Fund



As on Sep 30, 2011

Board of Directors (1/2)

Mayank Poddar (Promoter)
Chairman
B.Com



- More than 30 yrs experience in Finance business
- Contributes in policy formulation and provides overall support and guidance to the Board and management

Sanjay Chamria (Promoter)
Vice Chairman & Managing Director
FCA



- Anchors strategic policy formulation and execution
- Drives new business initiatives and leads management team in the achievement of goals

Narayan Seshadri
Independent Non Executive Director
FCA



- Has over 30 yrs experience in Corporate Finance and Consulting
- Formerly associated with KPMG and Arthur Anderson

Neil Brown
Independent Non Executive Director
ICAEW



- More than 30 yrs experience in investment banking sectors
- Founded Subito Partners Limited (UK)

Board of Directors (2/2)

Nabankur Gupta
Independent Non Executive Director
B. Tech (Elec), AMP in Marketing



- Over 35 yrs experience in marketing & general management across companies like Phillips India, Videocon
- Founder of Nobby Brand Architects & Strategic Marketing Consultants

Kailash Nath Bhandari
Independent Non Executive Director
BA & LLB



- Experience of over 30 yrs in Indian General Insurance industry
- Held positions as CMD in New India Insurance, United India Insurance

Satya Brata Ganguly
Independent Non Executive Director
Chemical Engineering



- Has over 45 yrs of corporate experience in various senior positions
- Currently Chairman Emeritus of India's largest automotive battery manufacturer

Sanjay Nayar
Non Independent Non Executive
Director, B.Sc (Hons.) DCE, PGDM
(Finance) IIM Ahd



- Currently the CEO and Country Head for KKR in India
- Has spent 24 yrs at Citigroup, most recently as CEO of CITI's Indian & South Asian operations
- Was the Deputy Chairman of the IBA & Chairman of the Foreign Banks' Committee of the IBA, a member of the Board of USIBC



Table of contents

• Vision

• Business Overview

• Board of Directors

• Financial Highlights

TRANSCENDING EXPECTATIONS



Profit and Loss

	H1 FY12 *	H1 FY11 *	YoY %	FY11
Disbursements	2980	2186	36%	5415
% age Securitisation	11%	52%		52%
Income				
- Income from Operations	441.5	348.5	27%	819.0
- Other Income	31.6	29.9	6%	55.0
Total Income	473.1	378.4	25%	874.0
- Interest Expenses	265.5	160.3	66%	352.4
- Personnel & Operating Expenses	107.4	92.8	16%	206.0
- Brokerage & Commission Costs	14.7	29.5	-50%	70.1
- Depreciation	12.7	14.1	-10%	27.9
- Provision for Standard Assets	4.9		NA	11.5
- Write-offs for bad debts	12.3	14.7	-16%	24.1
PBT	55.6	67.2	-17%	182.2
Tax	17.2	22.7	-24%	60.1
PAT	38.4	44.5	-14%	122.2
Preference Dividends	5.7	3.5	63%	11.2
Return to Shareholders	31.2	40.1	-22%	109.0
EPS	2.0	3.0	-35%	8.4
BV	58	39	48%	44.1
Return on Avg. Assets	1.2%	1.8%		2.3%
Return on Net Worth	7.7%	18.5%		23.6%
Return on Net Worth (Pre-money)	11.8%	21.4%		23.6%

* Un-audited figures

Balance Sheet

Rs Crores	Qtr ended Sep11 *	Qtr ended Sep10 *	Qtr ended Mar11
Shareholder Funds			
- Equity capital	35.9	25.9	26.0
- Reserves (incl MI, Optionally conv warrants)	1039.7	509.7	568.6
Preference Capital	146.9	151.1	146.9
Loan funds	5742.2	3988.7	4592.5
Current Liabilities (incl. deferred tax liability)	494.7	515.3	557.8
Total Liabilities	7459.4	5190.7	5891.7
Fixed assets	180.7	196.5	187.1
Investments	0.0	18.8	11.4
Assets on Finance	6364.4	3644.3	4514.3
Cash & Bank balances	749.7	1149.7	1007.5
Loans & Advances / Current Assets	164.6	181.4	171.3
Total Assets	7459.4	5190.7	5891.7

* Un-audited figures

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.