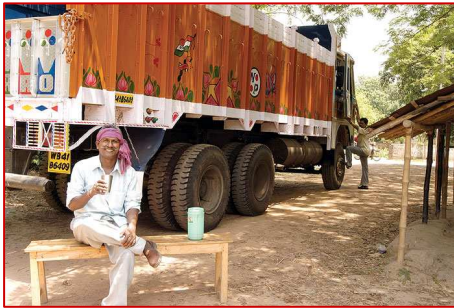


Analysts Meet on FY10 Results, Mumbai, 1<sup>st</sup> Jun 2010



Magma Fincorp Limited

# Contents

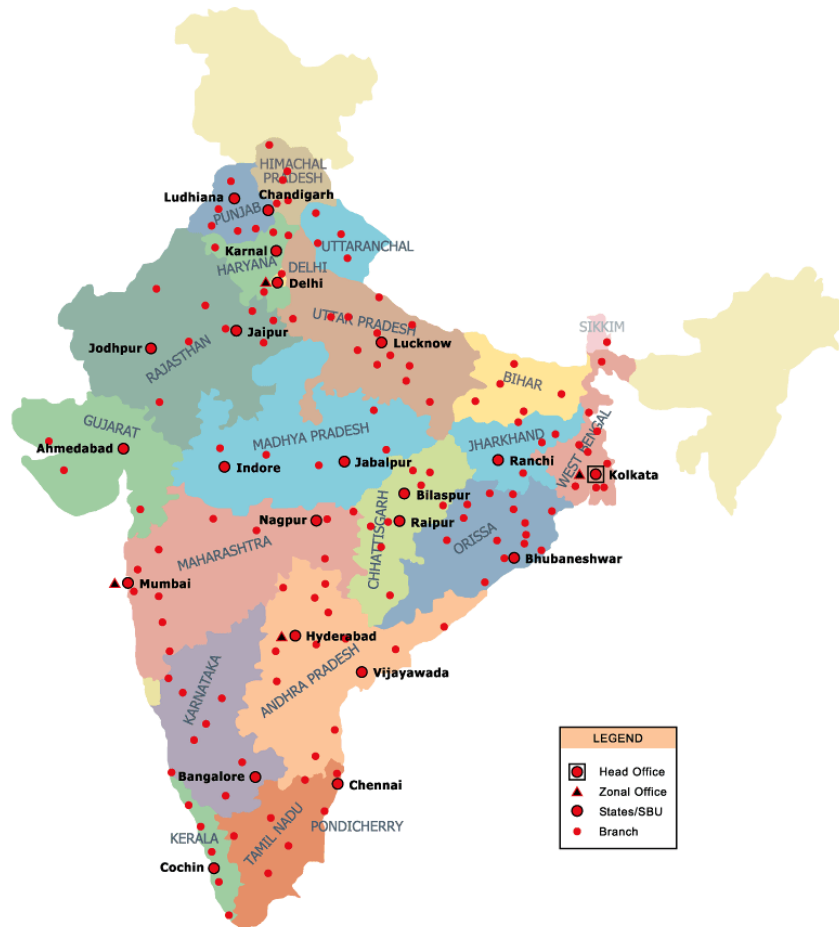
■ Business Overview

■ Results Update FY2010

## Magma Fincorp - *A Brief Profile*

- Fast growing asset financing company headquartered in Kolkata
  - Commenced financing operations in 1989
- A strong presence across rural and semi-urban India with 153 branches in 20 states and 1 union territory
  - Expertise in providing finance to the unpenetrated markets, and first time buyers and small entrepreneurs
- A large bouquet of financing products
  - Offerings cover Commercial Vehicle, Passenger Cars and Utility Vehicles, Construction Equipment Loans, Tractor Finance, SME Loans and Insurance Distribution
- In house team strength of ~4600 employees
- Annual disbursements of Rs. 4559 Cr in FY10 (Up 24%); AUM : Rs. 9,500 Cr approx.
- Customer Base ~ 2,29,000.

# Pan India network

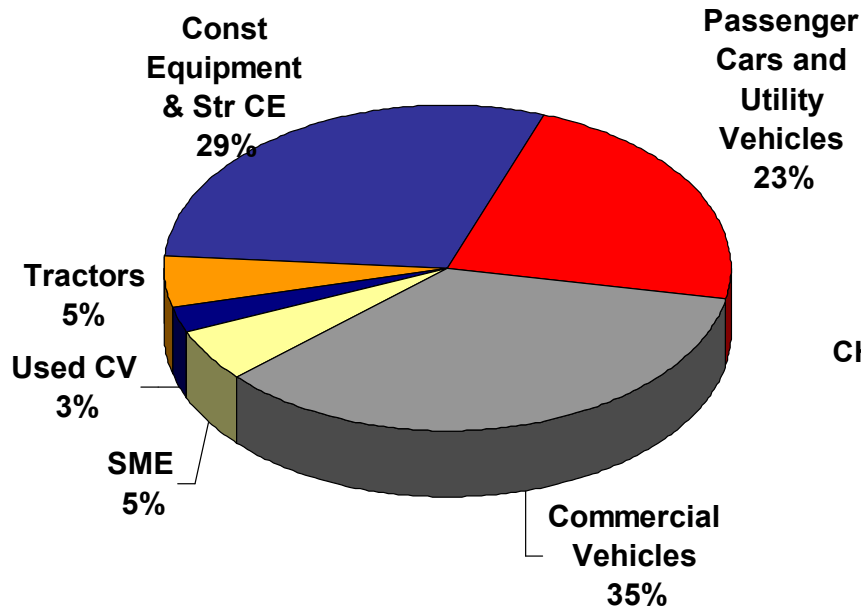


- Pan India presence with the branch network at 153 across 21 states/ union territory
- Continued focus on semi urban / rural branches (Over 77% of total), and under-banked population

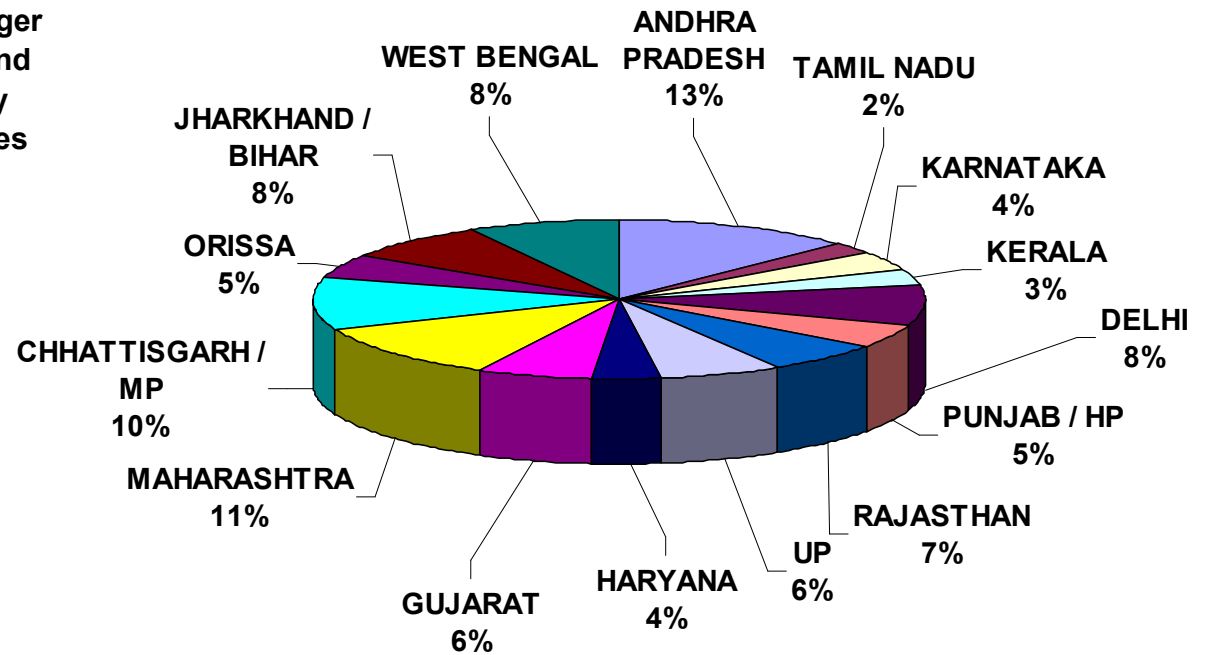


# De-risked business strategy

FY10 Disbursement - Product Wise



FY10 Disbursement - Geographical Mix



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



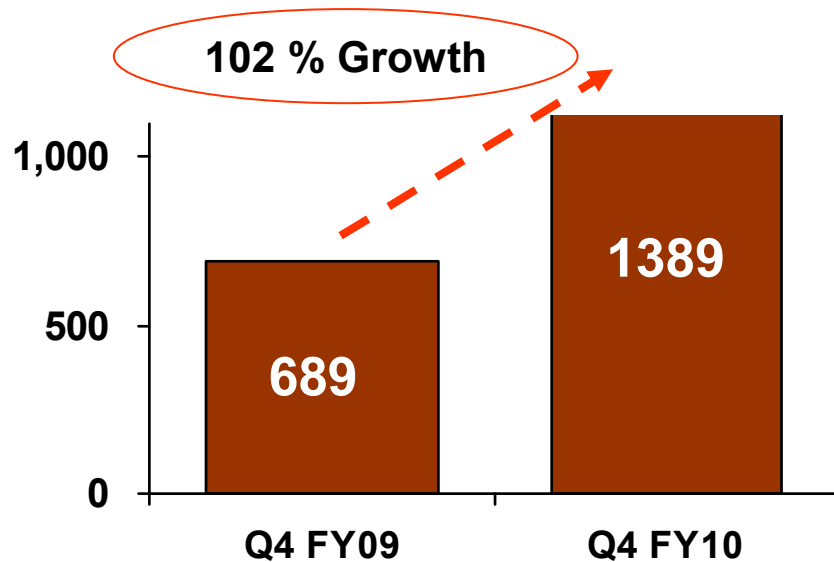
**MAGMA**  
Investing in the smallest dream

# Contents

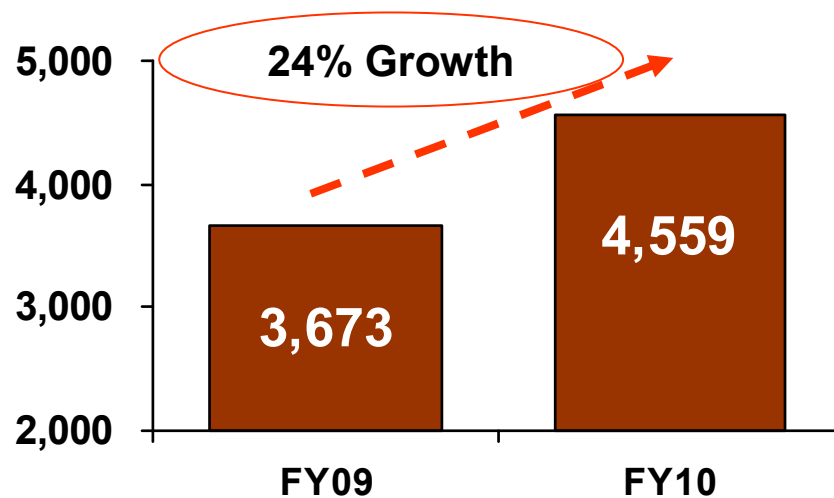
■ Business Overview

■ Results Update FY2010

## FY10 Key Achievements... Disbursement Growth

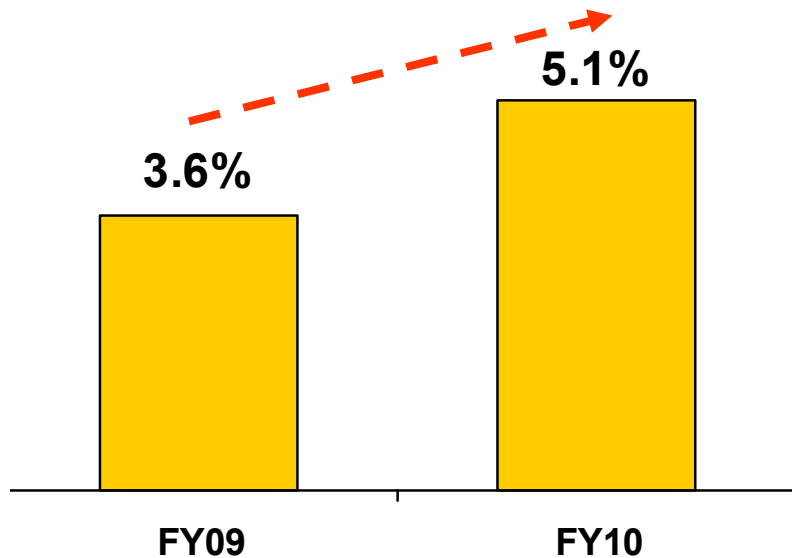


- Disbursements Growth of 102% as against Q4 of FY09 and 32% as compared to Q3 of FY10 (Rs.1049 Cr)



- 24% growth in FY10, despite sluggish first half
- Share of higher yield products (Used CV, Tractors and SME Loans) at 13% for the year as against 9% last year

## Key Achievements... Enhanced NIM

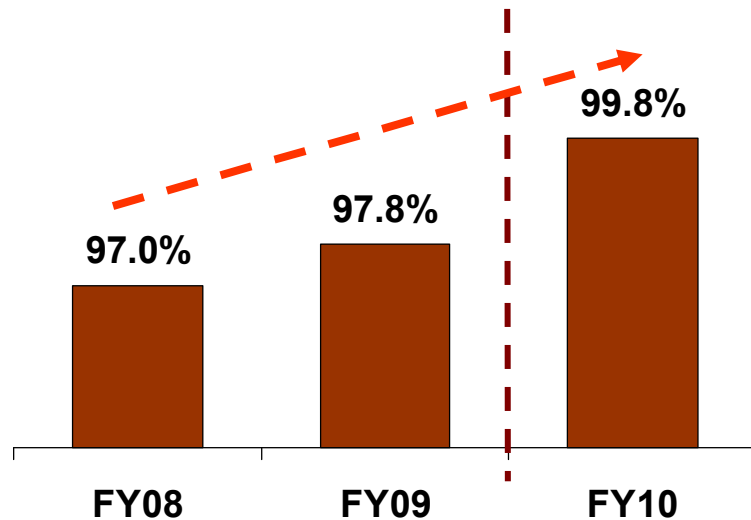


- Net Interest Margin (NIM) enhanced to 5.1% in FY10
- NIM for Q4FY10 at 5.5 % (vs 4.5 % Q4FY09)
- NIM growth due to greater share of high yield products (13%) and interest cost management



## Key Achievements... Excellent Asset quality

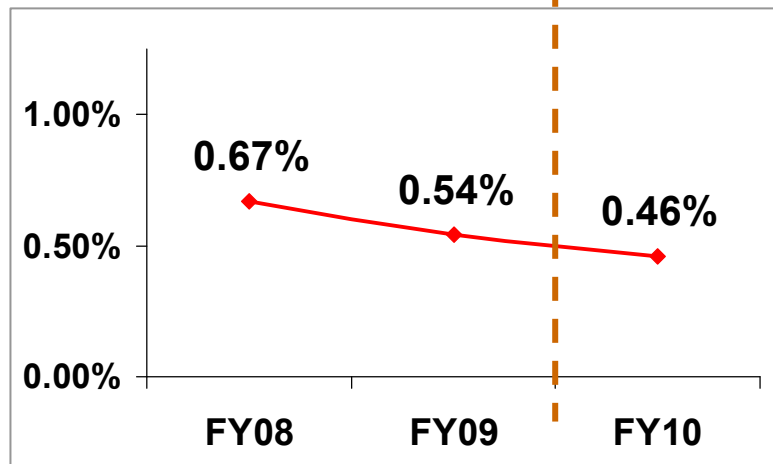
### Collection Efficiency\* - %



- Collection Efficiency improved to 99.8% in FY10

- Collection Efficiency in Q4 FY10 at 103.4% (vs 100.8% Q4 FY09)

### Write-offs to Total Assets - %

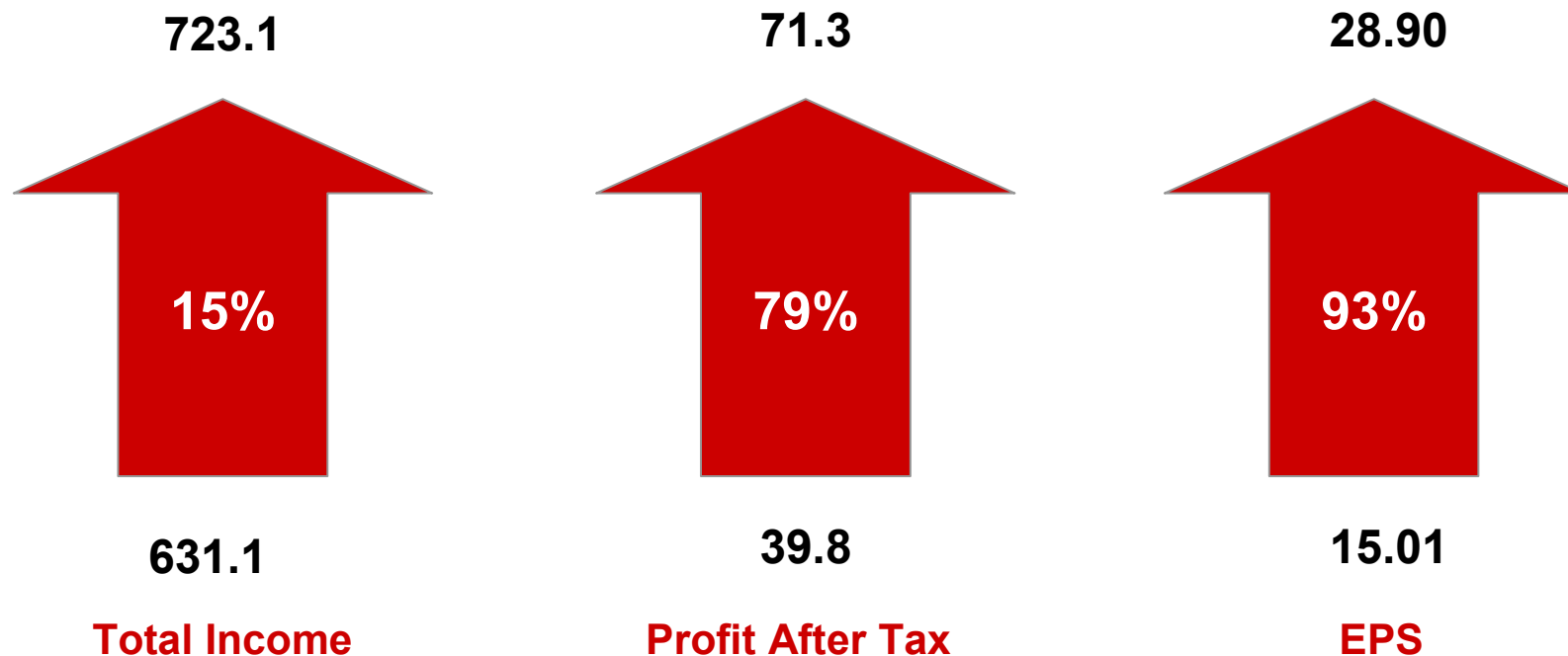


- Accordingly, write-offs contained to 0.5% of total assets during FY10



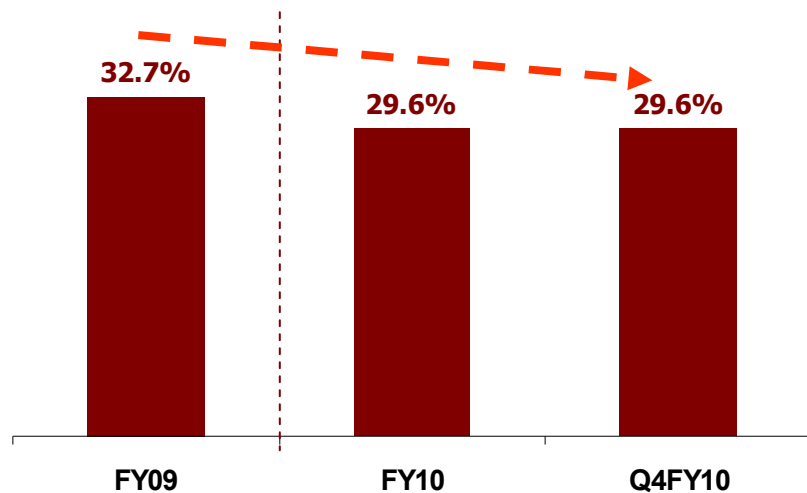
... Growth momentum in revenue and profits continue

Performance Highlights of FY10 Vs FY09

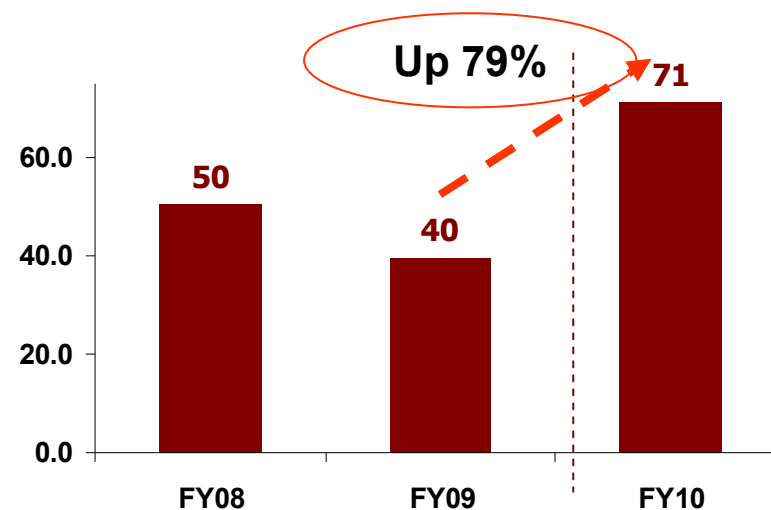


# ... Growing trend in efficiency and profitability

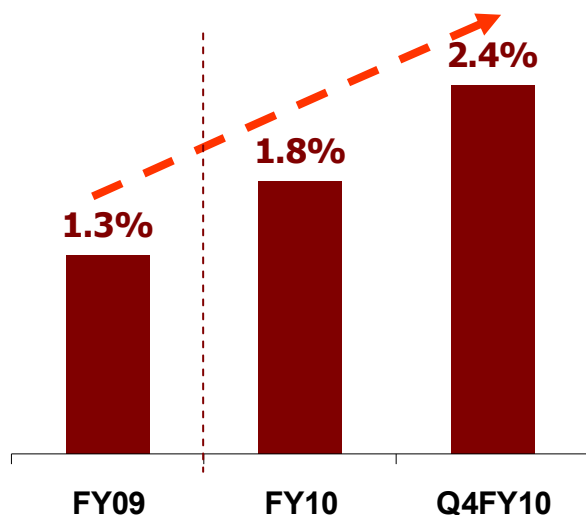
### Operating Efficiency (Costs to Income Ratio)



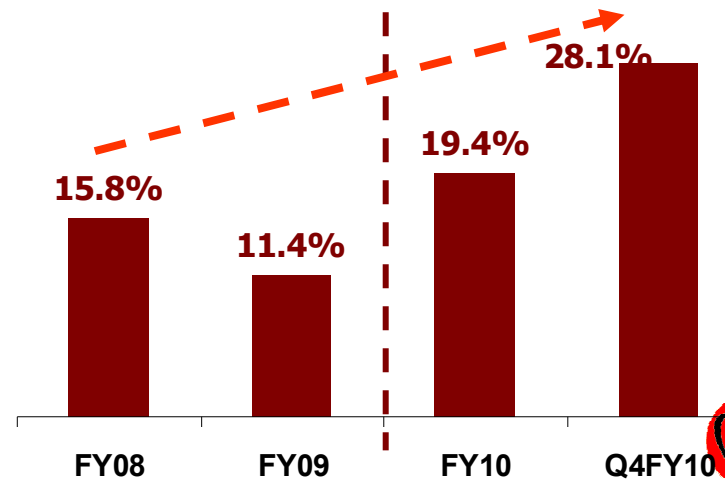
### Profit After Tax (Rs Cr)



### Return on Assets



### Return on Equity



## Profit and Loss Account

Rs. Crores	FY09	FY10	Change
Income From Operations	574.7	656.6	14%
Other Income *	56.4	66.5	18%
<b>Total Income</b>	<b>631.1</b>	<b>723.1</b>	<b>15%</b>
Personnel Exp	99.9	105.3	5%
Brokerage & Commision	46.6	50.2	8%
Other Oper & Admin Exp	59.8	58.4	-2%
Interest Cost	288.0	325.1	13%
Depreciation	34.2	32.8	-4%
Write Off	41.5	40.8	-2%
<b>Total Expenditure</b>	<b>570.1</b>	<b>612.6</b>	<b>7%</b>
<b>Profit Before Tax</b>	<b>61.0</b>	<b>110.5</b>	<b>81%</b>
<b>Profit After Tax</b>	<b>39.8</b>	<b>71.3</b>	<b>79%</b>

\* Other income includes "other operating income" and "other income"

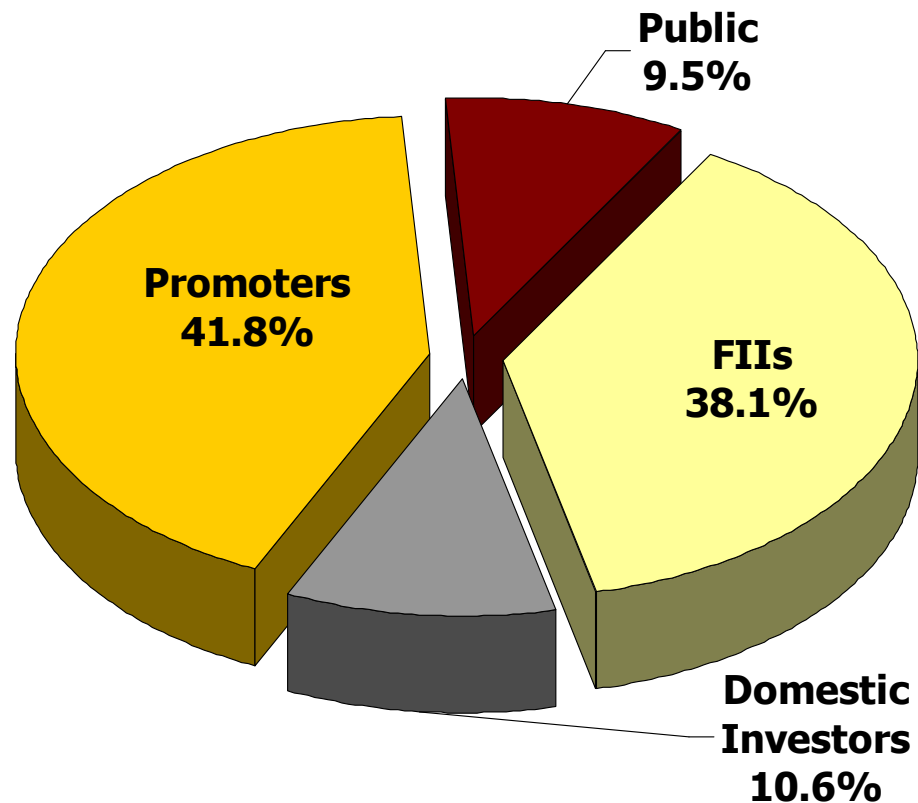
- Securitisation as %ge of business is down from 74% in FY09 to 48% in FY10
- Approximate contribution to PBT from securitisation is down from 30% to 20% in the same period

## Key Ratios

Particulars	FY 09	FY10	Change
<b>PBT/Total Income</b>	<b>9.7%</b>	<b>15.3%</b>	<b>+5.6%</b>
<b>Staff &amp; operating cost/Total Income</b>	<b>32.7%</b>	<b>29.6%</b>	<b>-3.1%</b>
<b>Return on Assets</b>	<b>1.3%</b>	<b>1.8%</b>	<b>+50 bps</b>
<b>Return on Equity</b>	<b>11.4%</b>	<b>19.4%</b>	<b>+8%</b>
<b>EPS (Rs.)</b>	<b>18.3</b>	<b>28.9</b>	<b>+10.60</b>
<b>Book Value (Rs) *</b>	<b>136.2</b>	<b>161.8</b>	<b>+25.60</b>

\* Post-QIP issue in May 2010, adjusted book value is Rs. 187 a share

# Shareholding Structure



Total Outstanding shares  
as of 21<sup>st</sup> May 2010

258.44 Lakh Shares

As on 21<sup>st</sup> May 2010

## Prospects and Outlook

- GDP growth between 8.5 to 9% in FY11; → Leading to more demand for automobiles, tractors and construction equipments
- User industries to grow 15-20% and Magma to clock higher than industry growth, going forward.
- Higher share of high-yield products: Used CV, Tractors & SME loans, adding to the Net Interest Margins
- Increasing presence and market share in West and South zones
- Insurance JV to expand our product offerings



**Thank You**

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### **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.

# Annexures

## Product Overview\*

Product	ATS (Rs Lacs)	LTV %	Tenure Months	Net IRR %
<b>CAR</b>	<b>2.8</b>	<b>67%</b>	<b>43</b>	<b>13.3%</b>
<b>CV</b>	<b>13.0</b>	<b>88%#</b>	<b>43</b>	<b>12.9%</b>
<b>CE</b>	<b>18.3</b>	<b>78%</b>	<b>35</b>	<b>13.6%</b>
<b>Strategic CE</b>	<b>116.5</b>	<b>86%</b>	<b>41</b>	<b>11.3%</b>
<b>Used CV</b>	<b>4.0</b>	<b>72%</b>	<b>33</b>	<b>19.7%</b>
<b>SME Loans</b>	<b>17.8</b>	<b>NA</b>	<b>31</b>	<b>17.0%</b>
<b>Tractors</b>	<b>3.1</b>	<b>65%</b>	<b>49</b>	<b>21.5%</b>
<b>TOTAL</b>	<b>6.8</b>	<b>79%</b>	<b>40</b>	<b>13.8%</b>

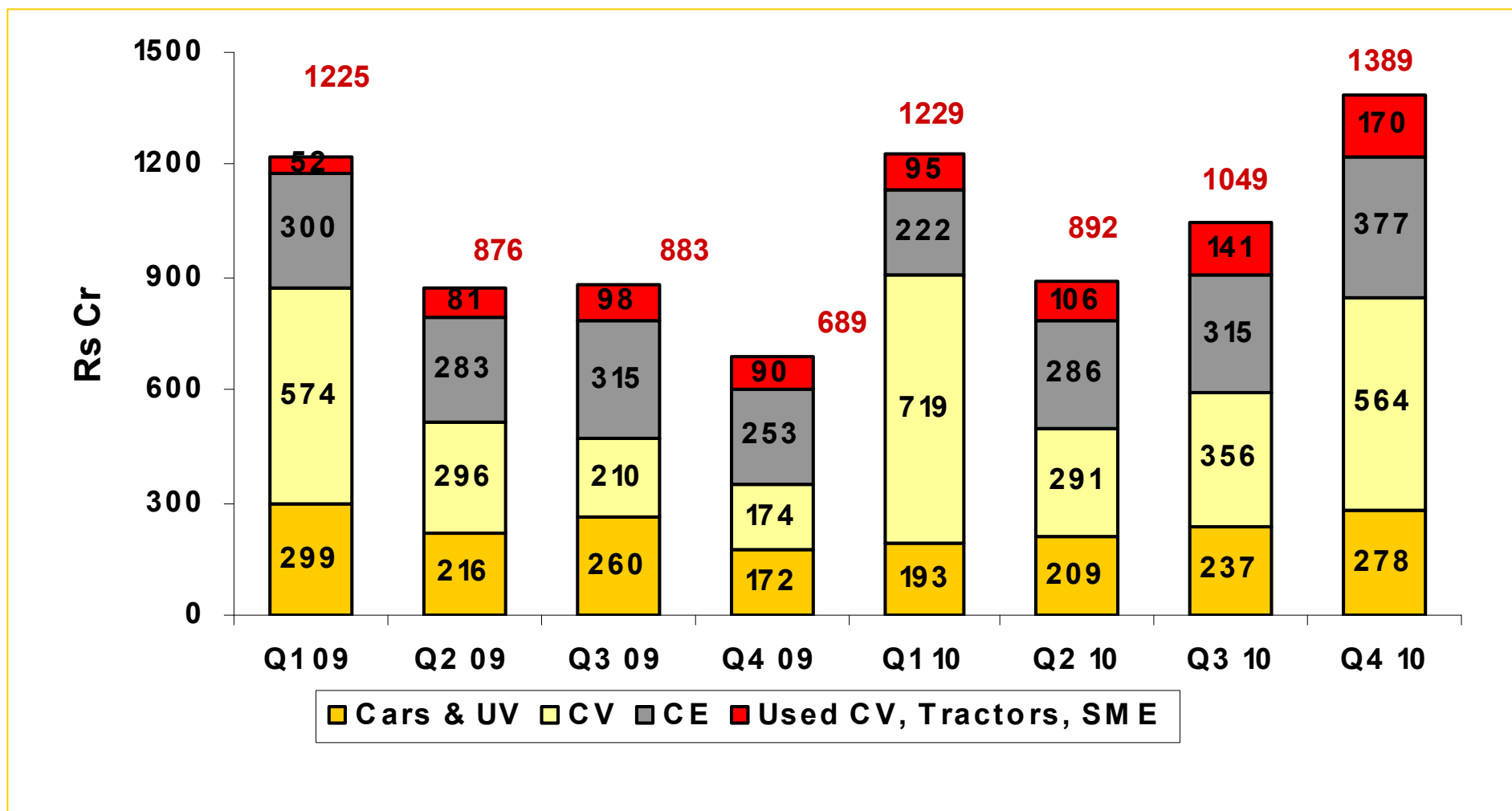
### Notes

\* All the above figures are based on FY 10; LTV stands to Loan to Value; 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%

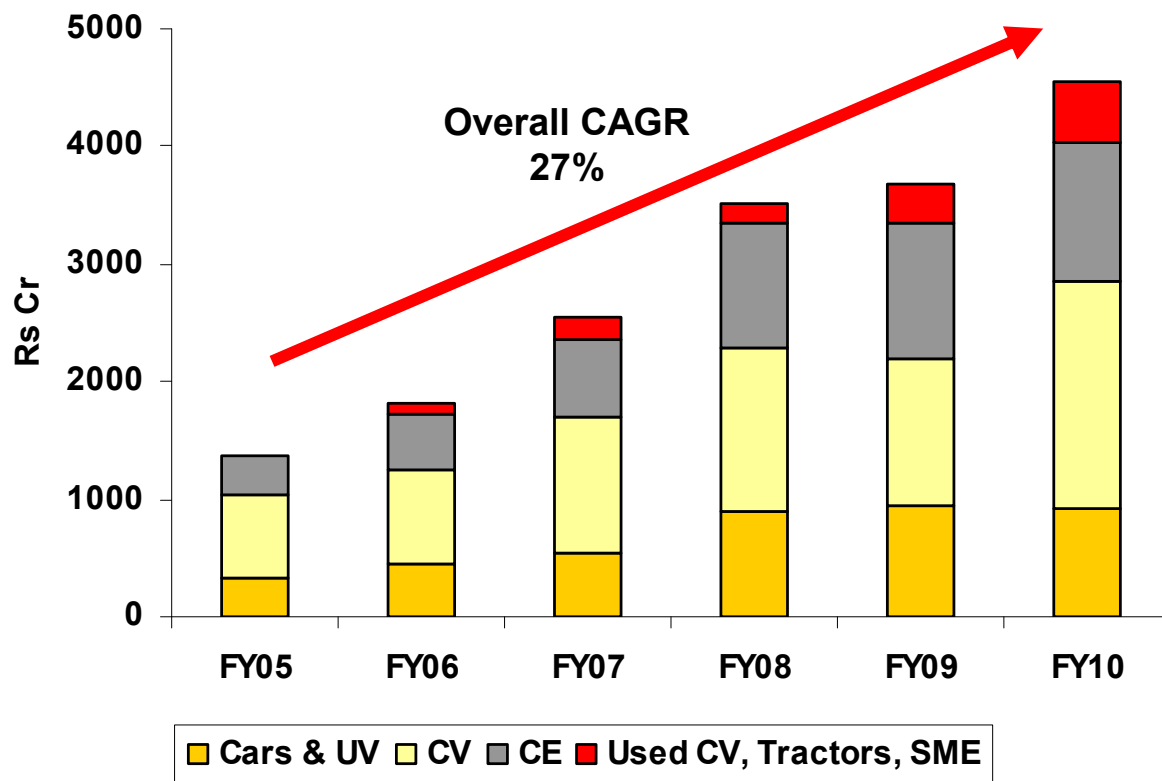
\$ Net IRR is lending rate on reducing balance basis, net of payouts to Direct Selling Agents and pay-ins from manufacturers/ dealers

# Quarter-wise disbursements



CV business in Q1FY10 includes bought out portfolio of Rs. 494 Cr

# Business on a high growth trajectory



## Key Product Disbursement CAGR

Products	FY05-FY10
Construction Equipment	30%
Commercial vehicles	22%
Cars & Utility Vehicles	23%

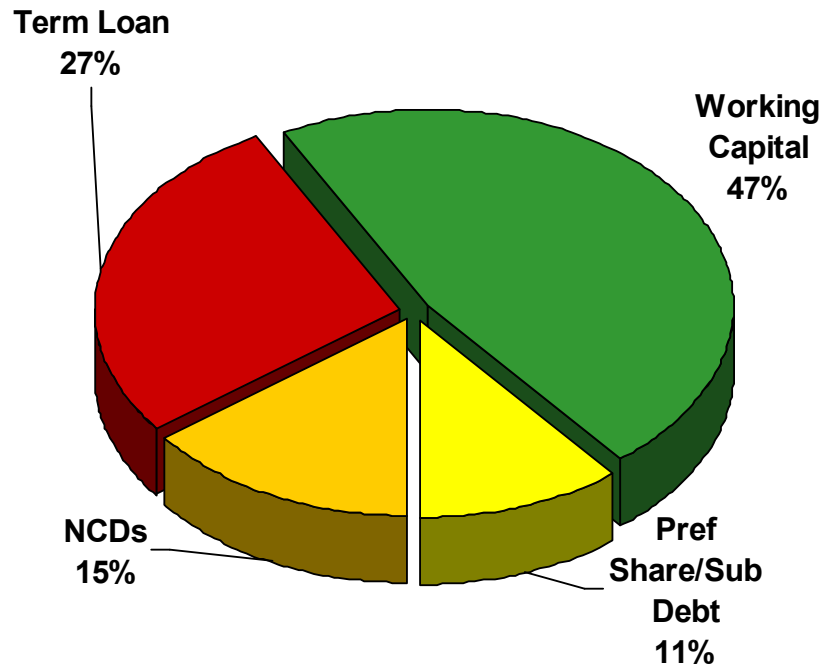
## New Product Introductions

Products	FY05-FY10
Used CV (Suvidha)	FY06
Tractors	FY08
SME Loans	FY09

## 27% CAGR disbursement growth (FY05 – FY10)

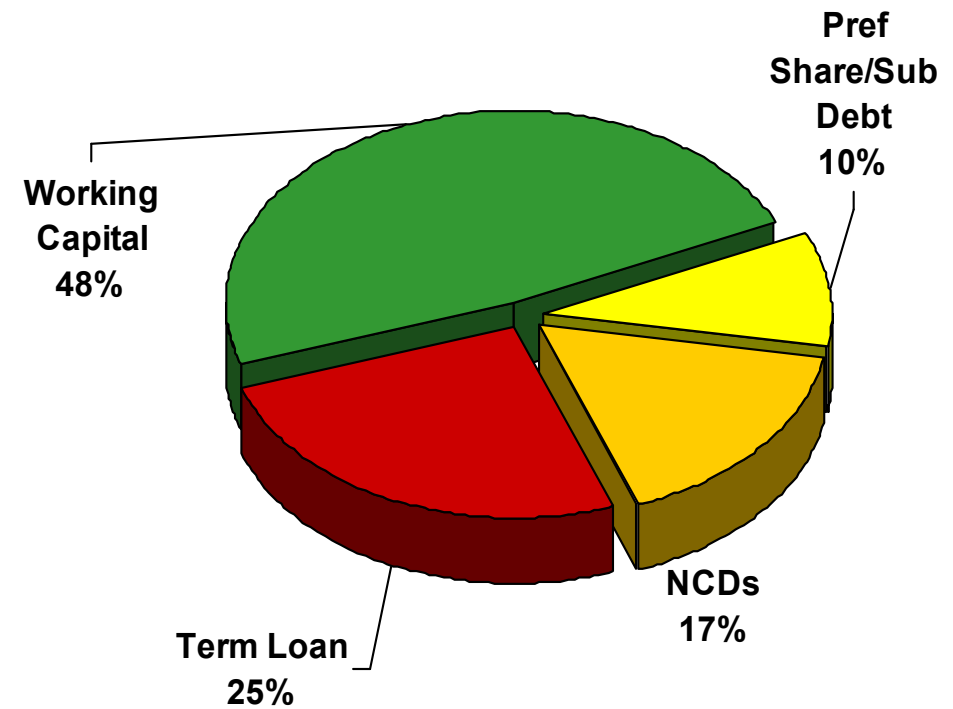
- Continued lending in FY 09, despite economic slowdown
- FY 10 performance (disbursement of Rs. 4559 Cr) reflects Company's higher growth trajectory.

# Stable Borrowing Profile



March 2009

Borrowings: Rs 2625 Cr



March 2010

Borrowings: Rs 3770 Cr



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# Profit and Loss Account

Rs. Crores	Q1 09	Q2 09	Q3 09	Q4 09	FY09	Q1 10	Q2 10	Q3 10	Q4 10	FY10
<b>Business</b>	<b>1026.1</b>	<b>875.7</b>	<b>883.1</b>	<b>688.8</b>	<b>3672.6</b>	<b>734.7</b>	<b>892.1</b>	<b>1048.8</b>	<b>1389.1</b>	<b>4558.7</b>
<b>%age Securitisation</b>					<b>74%</b>					<b>48%</b>
<b>Income</b>										
- Income from Financing Operations	126.9	135.9	143.1	163.2	569.0	126.6	158.7	163.2	199.6	647.7
- Income from cash collateral	7.4	9.1	10.9	10.4	37.7	11.5	11.3	12.4	11.8	47.3
- Other Income (Insurance/Power)	3.8	8.9	3.2	6.4	22.4	6.7	7.0	5.5	5.1	24.4
<b>Income from Operations</b>	<b>138.1</b>	<b>153.9</b>	<b>157.2</b>	<b>179.9</b>	<b>629.1</b>	<b>144.8</b>	<b>177.0</b>	<b>181.1</b>	<b>216.5</b>	<b>719.4</b>
- Interest Expenses	56.2	70.5	79.2	82.0	288.0	66.4	85.2	84.8	88.7	325.0
- Personnel cost	20.7	26.2	23.9	29.1	99.9	23.7	28.6	26.8	26.2	105.3
- Operating expenditure other than DSA costs	9.1	16.2	16.5	18.1	59.8	9.9	14.1	12.7	21.6	58.4
- DSA Costs	15.8	11.7	8.7	10.4	46.6	10.7	11.3	11.6	16.6	50.2
- Depreciation	7.7	8.3	8.4	9.9	34.2	8.5	8.4	8.1	7.8	32.8
Other Income	0.4	0.5	0.5	0.7	2.1	1.1	0.9	0.9	0.8	3.7
Write-offs for bad debts	7.5	4.3	10.6	19.2	41.5	9.7	6.3	10.6	14.2	40.8
<b>PBT</b>	<b>21.6</b>	<b>17.2</b>	<b>10.3</b>	<b>12.0</b>	<b>61.0</b>	<b>17.0</b>	<b>24.0</b>	<b>27.3</b>	<b>42.3</b>	<b>110.5</b>
Tax	7.4	5.9	3.5	4.5	21.2	5.8	8.3	9.3	15.8	39.1
<b>PAT</b>	<b>14.2</b>	<b>11.3</b>	<b>6.9</b>	<b>7.4</b>	<b>39.8</b>	<b>11.3</b>	<b>15.8</b>	<b>17.9</b>	<b>26.5</b>	<b>71.3</b>
<b>Preference Dividends</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>7.0</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>7.0</b>
<b>Return to Shareholders</b>	<b>12.4</b>	<b>9.5</b>	<b>5.1</b>	<b>5.5</b>	<b>32.6</b>	<b>9.2</b>	<b>13.7</b>	<b>15.8</b>	<b>24.4</b>	<b>63.0</b>
<b>Key Ratios (%)</b>										
Asset IRRs for the period	14.0%	15.2%	16.5%	16.3%	15.4%	15.4%	14.2%	13.8%	12.8%	13.8%
Cost of Fund for the period	10.7%	11.9%	13.3%	11.8%	11.8%	9.6%	9.8%	8.2%	7.3%	8.7%
<b>Operating NIM during the period</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>4.5%</b>	<b>3.6%</b>	<b>5.8%</b>	<b>4.4%</b>	<b>5.6%</b>	<b>5.5%</b>	<b>5.1%</b>
<b>Return on Avg. Assets</b>	<b>1.9%</b>	<b>1.4%</b>	<b>0.8%</b>	<b>0.9%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.6%</b>	<b>1.8%</b>	<b>2.4%</b>	<b>1.8%</b>
<b>%age Contribution to PBT from Securitisation</b>					<b>~30%</b>					<b>~20%</b>



## Balance Sheet

Rs Crores	Dec08	Mar09	Dec09	Mar10
<b>Shareholder Funds</b>				
- Equity capital	21.8	21.8	21.8	21.8
- Reserves	281.6	278.9	325.6	335.7
Preference Capital	118.9	118.0	117.0	116.1
Loans	2598.1	2506.6	3237.3	3654.3
Current Liabilities	492.9	427.3	431.7	535.0
<b>Total Liabilities</b>	<b>3513.3</b>	<b>3352.5</b>	<b>4133.4</b>	<b>4663.0</b>
Fixed assets	237.6	238.2	214.6	208.0
Investments	21.3	29.0	26.6	19.1
Assets on Finance	2280.6	2045.9	2845.9	3301.4
Cash & Bank balances	561.1	902.5	858.7	970.9
Loans & Advances	412.7	136.9	187.7	163.6
<b>Total Assets</b>	<b>3513.3</b>	<b>3352.5</b>	<b>4133.4</b>	<b>4663.0</b>



## Contact Us

***For any Investor queries please contact***

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