

Press Release

KKR LED CONSORTIUM INVESTS IN MAGMA FINCORP

Rs 4400 million Investment to Fuel Growth of the Business

Mumbai, May 23, 2011 -- Magma Fincorp Ltd. ("Magma") today announced an investment of Rs 4400 million led by funds managed by Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR") along with International Finance Corporation ("IFC"). The capital infusion will be used to support Magma's growth plans in existing businesses in addition to newer areas.

"For this round of capital raise, we have carefully selected partners, who believe in Magma's business model, people wealth, distribution franchise and asset quality and are providers of long-term strategic capital that can support Magma attain the next level of growth. Maintaining our aggressive growth pattern, we expect to increase our disbursements by 50% in FY12, reduce our dependency on securitization and maintain a healthy NIM via greater contribution from higher yielding products. This transaction is not just about capital but the foundation of a lasting partnership. KKR and IFC each have a track record of success in India, as well as a history of working with management and building world-class enterprises. With this capital infusion, we believe Magma is well positioned to capitalize on its existing business opportunities, increase its thrust into new products in addition to accretive M&A." said Sanjay Chamria, Vice Chairman & Managing Director of Magma.

"This is a long term investment in Magma, a company led by enterprising promoters who have built an impressive platform of sound risk management and credit underwriting capabilities. We believe that our partnership will help propel the growth in rural and semi urban segments by promoting consumer credit, agri lending and corporate lending to small and medium scale enterprises," said Sanjay Nayar, a Member of KKR and Head of KKR India.

The International Finance Corporation is a member of the World Bank Group and is headquartered in Washington. IFC has made several investments in India across infrastructure, clean energy, agribusiness, manufacturing, health and education sectors including in the financial services space. The proposed investment by IFC will provide Magma with strategic capital and will enable the Company to



expand its footprint in semi-urban and rural areas as well as in Indian states of Bihar, West Bengal, Orissa, Chattisgarh, UP, Rajasthan etc, thereby contributing to financial inclusion in India.

Ernst & Young (Advisory) and Wadia Ghandy advised Magma on the transaction. Ernst & Young (Transaction Advisory), McKinsey & Co., Simpson Thacher & Bartlett, AZB Partners and Kotak Mahindra Capital advised KKR on the transaction.

"We have carefully shortlisted investors who provide long term capital that can help Magma graduate to the next level and become one of the biggest players in the country in the next few years" said Rajeev Suneja from Ernst & Young, advisors to the transaction.

About Magma Fincorp

Magma Fincorp Limited ("Magma") is a non-deposit taking non-banking finance company (NBFC), registered with the Reserve Bank of India (RBI) as an Asset Finance Company. The Company, having started operations over two decades back, is listed on the Bombay Stock Exchange Limited and the National Stock Exchange in India.

Magma provides a bouquet of financial products including financing of Utility Vehicles & Cars, Commercial Vehicles, Construction Equipments, Tractors and SME Loans. Magma has a dedicated base of over 2.36 lac customers and has assets of Rs. 10,907 crores under management. The company has 171 branches in 20 states and 1 union territory and employs about 5,150 people.

Magma has signed a joint venture with HDI Gerling, part of Talanx Group, Germany's third largest insurance group to start a general insurance company in India, which since has received R1 license from the insurance regulator. For additional information, please visit www.magma.co.in.

About KKR

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with \$61.0 billion in assets under management as of March 31, 2011. With 14 offices around the world, including one in Mumbai, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with investors through its client relationships and capital markets



platforms. KKR is publicly traded on the New York Stock Exchange (NYSE: KKR). For additional information, please visit KKR's website at www.kkr.com.

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