

January 12, 2021

Magma Fincorp Limited: ICRA withdraws ratings for PTCs backed by pool of car loan receivables originated by Magma Fincorp Limited

Summary of Rated Instrument

Trust Name	Instrument*	Initial Amount (Rs. crore ¹)	Amount o/s after last surveillance (Rs. crore)	Current Amount O/s (Rs. crore)	Rating action
MFL Securitisation Trust LX	PTC Series A1	136.60	23.81	0.00	[ICRA]AAA(SO) Withdrawn
	PTC Series A2	8.87	1.54	0.00	[ICRA]AAA(SO) Withdrawn
	Second Loss Facility (SLF)	8.44	8.44	0.00	[ICRA]BBB-(SO) Withdrawn
	Liquidity Facility (LF)	2.18	2.18 (0.68 utilized)	0.00	[ICRA]AAA(SO) Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for PTCs, Second Loss facility (SLF) and Liquidity Facility (LF) backed by one pool of car loan receivables originated Magma Fincorp Limited as tabulated above.

All the payouts to the investors in the above mentioned instruments has been made and no further payments are due to the investors.

Key rating drivers

Credit strengths

- N.A.

Credit challenges

- N.A.

Description of key rating drivers highlighted above

N.A.

Liquidity position

N.A.

¹ 100 lakh = 1 crore = 10 million

Rating sensitivities

N.A

Key rating assumptions

N.A.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not Applicable

About the company

Magma Fincorp Limited (formerly MFL Leasing Limited and MFL Shrachi Finance Limited) was incorporated in 1988 and is registered with the Reserve Bank of India (RBI) as an asset-financing NBFC. Magma is primarily engaged in financing of Commercial Vehicles, Construction Equipment, Passenger Cars, used assets, tractors, SME and mortgage assets. While MFL has a long track record in asset-based product financing (CVs, CE, cars, tractors), its SME business gained volume only from FY2014. The company entered mortgage financing in February 2013 and general insurance through a joint venture in October 2012.

In FY2020, Magma recorded a consolidated profit after tax of Rs. 27 crore on a total consolidated asset base of Rs. 15,852 crore compared with a consolidated profit after tax of Rs. 304 crore on a total consolidated asset base of Rs. 17,356 crore in FY2019. Magma reported assets under management of Rs 15,571 crore, as on September 30, 2020. Vehicle loans continued to dominate the portfolio mix at 64% followed by mortgage (27%) and SME (10%). Gross NPA ratio stood at 5.1% as on September 30, 2020 (vs. 6.4% as on March 31, 2020) and net NPA ratio at 3.2% as on September 30, 2020 (vs. 4.2% as on March 31, 2020).

Key financial indicators

	FY2019	FY2020	H1FY2021
Total Income	2,495	2,558	1,179
Profit after tax	304	27	76
Managed Assets	18,602	17,645	17,313
Gross stage 3/Gross advances	4.8%	6.5%	5.1%
Net stage 3/Net advances	3.1%	4.2%	3.2%

Amount in Rs. Crore

Status of non-cooperation with previous CRA: None

Any other information: None

Rating history for last three years

	Instrument	Current Rating (FY2021)					Chronology of Rating History for the past 3 years			
		Type	Initial Rated Amount	Amount Outstanding (Rs. Crore)	Date & Rating	Date & Rating	Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2018
			(Rs. crore)		12-Jan-2021	25-Jun-2020	23-May-2019	22-Oct-2018	14-Feb-2018	12-Dec-2017*
1	MFL Securitisation Trust LX	PTC Series A1	136.60	0.00	[ICRA]AAA(SO) Withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)
		PTC Series A2	8.87	0.00	[ICRA]AAA(SO) Withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)
		Second Loss Facility (SLF)	8.44	0.00	[ICRA]BBB-(SO) Withdrawn	[ICRA]BBB-(SO)	[ICRA]BBB-(SO)	[ICRA]BBB-(SO)	[ICRA]BBB-(SO)	Provisional [ICRA]BBB-(SO)
		Liquidity Facility (LF)	2.18	0.00	[ICRA]AAA(SO) Withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)

* Initial Rating assigned

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure I: Details of Instruments

Sl.	Trust name	Instrument name	Date of issuance	Coupon rate (p.a.)	Scheduled maturity date	Current amount o/s (Rs. crore) ²	Current rating
1.	MFL Securitisation Trust LX	PTC Series A1	December 2017	8.25%	March 2022	0.00	[ICRA]AAA(SO) Withdrawn
		PTC Series A2		Residual		0.00	[ICRA]AAA(SO) Withdrawn
		Second Loss Facility (SLF)		-		0.00	[ICRA]BBB-(SO) Withdrawn
		Liquidity Facility (LF)		-		0.00	[ICRA]AAA(SO) Withdrawn

² 100 lakh = 1 crore = 10 million

Analyst Contacts

Abhishek Dafria

+91 22 6114 3440

abhishek.dafria@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Gaurav Mashalkar

+91 22 6114 3431

gaurav.mashalkar@icraindia.com

Ayush Agarwal

+91 22 6114 3417

ayush.agarwal@icraindia.com

Sushant Vanmali

+91 22 6114 3436

sushant.vanmali@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2021 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents