June 16, 2021

Magma Fincorp Limited: ICRA withdraws rating for assignee payouts issued under one vehicle loan securitisation transaction

Summary of rating action

Ttransaction Name	Instrument*	Previous Rated Amount (Rs. crore)	Amount O/s during previous surv exercise (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
MFL PSB DA JAN 2020	Assignee payouts	142.40	78.87	0.00	[ICRA]AA(SO); withdrawn

**Instrument details are provided in Annexure-1*

Rationale

ICRA has withdrawn the rating for assignee payouts issued under one vehicle loan securitisation transaction originated by Magma Fincorp Limited (MFL), as tabulated above.

All the payouts to the investors in the above-mentioned instrument has been made and no further payment are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal 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 non-banking financial company (NBFC). MFL primarily provides finance for commercial vehicles (CVs), construction equipment (CE), 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, MFL 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. 17,346 crore in FY2019. In 9M FY2021, Magma reported a consolidated profit after tax of Rs. 89 crore on a total consolidated asset base of Rs. 15,117 crore. Magma reported assets under management of Rs. 14,225 crore as on March 31, 2021. Vehicle loans continued to dominate the portfolio mix at 60% followed by mortgage (30%) and SME (10%). The gross stage 3 asset ratio stood at 3.7% as on March 31, 2021 (vs. 6.4% as on March 31, 2020) and the net stage 3 asset ratio at 1.2% as on March 31, 2021 (vs. 4.2% as on March 31, 2020).

Key financial indicators (audited; consolidated)

Magma Fincorp Limited	FY2019	FY2020	FY2021
Total income	2,495	2,562	2,352
Profit after tax	304	27	(559)
Net worth	2,744	2,748	2,194
Total assets under management	17,028	16,134	14,225
% Gross stage 3 assets (on-book)	4.8%	6.4%	3.7%
% Net stage 3 assets (on-book)	3.1%	4.2%	1.2%

Source: Company, ICRA research; All ratios as per ICRA calculation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

<table>
<tr><th rowspan="3"></th><th rowspan="3">Instrument</th><th colspan="4">Current Rating (FY2022)</th><th colspan="5">Chronology of Rating History for the past 3 years</th></tr>
<tr><th rowspan="2">Type</th><th rowspan="2">Amount Rated (Rs. crore)</th><th rowspan="2">Amount Outstanding (Rs. crore)</th><th>Date & Rating in FY2022</th><th>Date & Rating in FY2021</th><th colspan="2">Date & Rating in FY2020</th><th>Date & Rating in FY2019</th></tr>
<tr><th>Jun-16-2021</th><th>Mar-18-2021</th><th>Feb-27-2020</th><th>Feb-05-2020</th><th>-</th></tr>
<tr><td>1</td><td>MFL PSB DA JAN'2020</td><td>Assignee payouts</td><td>78.87</td><td>0.00</td><td>[ICRA]AA(SO) withdrawn</td><td>[ICRA]AA(SO)</td><td>[ICRA]AA(SO)</td><td>Provisional [ICRA]AA(SO)</td><td>-</td></tr>
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Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
MFL PSB DA JAN'2020	Assignee payouts	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

Issue Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Scheduled Maturity Date	Amount Rated (Rs. Crore)	Current Rating
MFL PSB DA JAN'2020	Assignee Payouts	January 2020	8.00%	October 2024	0.00	[ICRA]AA(SO) Withdrawn

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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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

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