

Magma ITL Finance Limited

October 08, 2018

Summary of Rated Instruments

| Trust Name | Instrument | Initial Issued Amount (Rs. crore ¹) | Amount O/s after last surveillance (Rs. crore) | Amount O/s after May-18 Payout (Rs. crore) | Rating action |
|--------------------------------|----------------------|---|--|--|--------------------------|
| MIFL Securitisation Trust VIII | PTC Series A1 | 36.62 | 8.51 | 0.00 | [ICRA]AAA(SO) Withdrawn |
| | PTC Series A2 | 1.53 | 0.35 | 0.00 | [ICRA]AAA(SO) Withdrawn |
| | Second Loss Facility | 3.05 | 3.05 | 0.00 | [ICRA]BBB+(SO) Withdrawn |
| | Liquidity Facility | 0.67 | 0.09 (0.58 used) | 0.00 | [ICRA]AAA(SO) Withdrawn |

*Instrument details are provided in Annexure I

Rating Action

ICRA has withdrawn the ratings for PTC Series A1, PTC Series A2, Second Loss Facility and Liquidity Facility (LF) issued under a tractor vehicle loan securitisation transaction originated by Magma ITL Finance Limited (MIFL) as tabulated above.

Rationale

All the payouts to the investors in the above mentioned instruments have been made and no further payment is due to the investors.

Key rating drivers

Credit Strengths

- N.A.

Credit Weaknesses

- N.A.

Description of key rating drivers highlighted above:

N.A.

Key rating assumptions

N.A.

¹ 100 lakh = 1 crore = 10 million

Analytical approach:

N.A.

Links to applicable Criteria

[ICRA's Policy on Withdrawal and Suspension of Credit Rating](#)

About the Originator:

Magma ITL Finance Limited (MIFL) is a wholly-owned subsidiary of Magma Fincorp Limited. MITL started commercial operations in July 2008 as a joint venture between MITL and International Tractors Limited and has since been engaged only in the financing of tractors. In August 2017, MFL acquired a 26% stake in Magma ITL Finance Limited (MITL) from International Tractors Limited (ITL) at book value, making MITL its wholly-owned subsidiary. As on December 31, 2017, MITL accounted for ~20% of Magma Group's tractor loan book, with the balance being with MFL.

During 9M FY2018, MITL reported PAT of Rs. 12.0 crore on a total managed asset base of Rs. 597 crore as on December 31, 2017. As on December 31, 2017, MITL reported a CRAR a 30.1% (all Tier I capital) and gross NPAs of 25.5% (gross NPA relative to on balance sheet book).

Magma ITL Finance Limited, wholly owned subsidiary of MFL got merged with the parent company on May 8, 2018 as per NCLT approval. In August 2017, MFL had acquired a 26% stake in Magma ITL Finance Limited (MITL) from International Tractors Limited (ITL) at book value, making MITL its wholly – owned subsidiary.

MITL, on a standalone basis, reported a net loss of Rs. 29.7 crore on a total managed asset base of Rs. 873 crore in FY2017 against PAT of Rs. 8.1 crore on a total managed asset base of Rs. 1,002 crore in FY2016. MITL recorded PAT of Rs. 12.0 crore on a total managed asset base of Rs. 597 crore in 9M FY2018.

Key financial indicators (audited)

| | FY 2016 | FY 2017 | 9MFY2018 |
|--------------------------|----------|---------|----------|
| Total income | 120.13 | 131.77 | 75.27 |
| PAT | 8.08 | -29.69 | 12.03 |
| Net worth | 161.21 | 131.52 | 143.54 |
| Total assets | 723.43 | 635.08 | 480.59 |
| Total managed assets | 1,001.99 | 872.55 | 597.28 |
| Return on Average assets | 1.18% | -4.37% | 2.87% |
| Return on average equity | 5.59% | -20.29% | 11.66% |
| Gearing | 3.07 | 3.48 | 1.81 |
| % CRAR | 19.64% | 17.00% | 30.08% |
| % Gross NPAs | 22.22% | 20.57% | 25.52% |
| % Net NPAs | 18.11% | 17.45% | 16.03% |
| % Net NPA/ Net worth | 69.37% | 70.79% | 41.84% |

Source: ICRA, Company

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years:

Table:

| Sr. No. | Instrument | Type | Current Rating (FY2019) | | Date & Rating October 2018 | Chronology of Rating History for the past 3 years | | | | |
|---------|--------------------------------|----------------------|----------------------------------|-------------------------------|-------------------------------|---|-------------------------|-----------------|-------------------------|-----------------------------|
| | | | Initial Rated Amount (Rs. crore) | Amount Outstanding (Rs Crore) | | Date & Rating in FY2018 December 2017 | Date & Rating in FY2017 | | Date & Rating in FY2016 | |
| | | | | | | | February 2017 | November 2016 | June 2015 | April 2015* |
| 1 | MIFL Securitisation Trust VIII | PTC Series A1 | 36.62 | 0.00 | [ICRA]AAA (SO) Withdrawn | [ICRA]AAA (SO) | [ICRA]AA (SO) | [ICRA]AA (SO) | [ICRA]AA (SO) | Provisional [ICRA]AA (SO) |
| | | PTC Series A2 | 1.53 | 0.00 | [ICRA]AAA (SO) Withdrawn | [ICRA]AAA (SO) | [ICRA]AA (SO) | [ICRA]AA (SO) | [ICRA]AA (SO) | Provisional [ICRA]AA (SO) |
| | | Second Loss Facility | 3.05 | 0.00 | [ICRA]BBB+ (SO) Withdrawn | [ICRA]BBB+ (SO) | [ICRA]BBB- (SO) | [ICRA]BBB- (SO) | [ICRA]BBB- (SO) | Provisional [ICRA]BBB- (SO) |
| | | Liquidity Facility | 0.67 | 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-1: Instrument Details

| Sl. | Trust Name | Instrument | Date of Issuance | Coupon Rate | Scheduled Maturity Date* | Rated Amount (Rs. crore ²) | Current Rating |
|-----|--------------------------------|----------------------|------------------|-------------|--------------------------|--|--------------------------|
| 1 | MIFL Securitisation Trust VIII | PTC Series A1 | April 2015 | 7.25% | September 2019 | Nil | [ICRA]AAA(SO) Withdrawn |
| | | PTC Series A2 | | Residual | | Nil | [ICRA]AAA(SO) Withdrawn |
| | | Second Loss Facility | | N.A. | | Nil | [ICRA]BBB+(SO) Withdrawn |
| | | Liquidity Facility | | N.A. | | Nil | [ICRA]AAA(SO) Withdrawn |

² 100 lakh = 1 crore = 10 million

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