

Magma ITL Finance Limited

Instrument	Amount	Rating Action
Non Convertible Debenture Programme	Rs. 25.0 crore	[ICRA]A+ (Rating Withdrawn)

ICRA has withdrawn [ICRA]A+ (pronounced ICRA A plus) rating assigned to the Rs. 25.0 crore¹ Non Convertible Debenture (NCD) programme of Magma ITL Finance Limited (MITL) as per the request of the company, since the rated NCD was not placed and hence there is no amount outstanding against the rated instrument².

About Magma ITL Finance Limited

Magma ITL Finance Ltd. (MITL) is a JV between Magma Fincorp Limited (74%) and International Tractors Limited or ITL (26%). ITL is manufacturer of Sonalika brand of tractors. MITL started its commercial operations from July 2008 and is engaged only in tractor financing. As on December 31, 2015, MITL accounted for ~28% of Magma group's tractor loan book, balance was in MFL. Magma group offers tractor loans across 15 states out of 195 branches of MFL.

During FY15, MITL reported PAT of Rs 25.4 crore on a total asset base of Rs. 1,101 crore as on March 31, 2015 as against PAT of Rs. 30.8 crore on total asset base of Rs. 997 crore as on March 31, 2014. MITL reported a PAT of Rs. 5.6 crs. during 9MFY16. MITL's loan book was Rs. 944 crore and its net worth was Rs 159 crore as on December 31, 2015.

About Magma Fincorp Limited

Magma Fincorp Limited (Formerly known as Magma Leasing Limited and Magma Shrachi Finance Limited) was incorporated in 1989 and is registered with RBI as an Asset Financing NBFC. In early 2007, the Company acquired Shrachi Infrastructure Limited, an NBFC operating in the retail finance space. As on December 31, 2015, Magma group had loan book of Rs 18,521 crore composed of utility vehicles/ cars (25.1%), commercial vehicles (9.9%), construction equipments (8.3%), used assets (11.6%), Tractors (18.7%), SME loans (8.9%), mortgage (17.5%) and marginal share of gold loan book.

While Magma has a long track record in core product financing (CV, CE and Car), other high yielding assets like tractor and SME financing were started in 2008. The company entered in mortgage business in February 2013 and in General Insurance, through a joint venture, in October 2012. As at December 31, 2015, the company had a network of 223 branches, with more than 75% of the branches in rural and semi urban areas.

During FY15, Magma recorded a consolidated profit after tax of Rs.187.3 crore on a total consolidated managed asset base of Rs. 21,174 crore compared to profit of Rs.159.6 crore during FY14 on a total managed asset base of Rs. 19,703 crore. Magma reported a consolidated PAT of Rs. 147.5 crs. during 9MFY16 as compared to Rs. 133.1 crs. during 9MFY15. MFL's tier I capital and CRAR (standalone) were 14.8% and 19.1% as on December 31, 2015, while its gross NPA relative to on balance sheet book was 10.5% (net NPA relative to on balance sheet book was 8.3%).

About International Tractors Limited (ITL)

Sonalika group was established in 1969 and started with manufacturing of farm implements. Subsequently, ITL (rated at [ICRA]AA+ (Stable); [ICRA]A1+) was incorporated on October 17, 1995 for the manufacture of Tractors. ITL mainly manufactures various Tractors of Sonalika brand between 20 H.P to 90 H.P. The company has state of art manufacturing facilities located at Hoshiarpur (Punjab) for tractors. As per provisional financial statements, ITL reported Profit after Tax (PAT) of Rs. 463.2 Crore on an Operating Income (OI) of Rs. 3266.5 crore during Apr-Dec, 2014-15. Please refer to ICRA rating rationale on International Tractors Limited for more information.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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