

Press Release

Magma Housing Finance Limited (MHFL)

March 06, 2020

Rating Withdrawn



| | |
|---------------------------------|-----------------------|
| Total Instruments Rated* | Rs. 100.00 Cr. |
| Long Term Rating | ACUITE AA (Withdrawn) |

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn its long-term rating of **ACUITE AA (read as ACUITE double A)** on the Rs. 100 Cr. Proposed Secured non-convertible debentures of Magma Housing Finance Limited (MHFL). This rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating. The rating is being withdrawn on account of request received from the company.

About the group:

Magma group has been promoted by Mr. Mayank Poddar and Mr. Sanjay Chamria. The group commenced its retail financing operations through asset backed financing for new cars, commercial vehicles and construction equipment and over the years, diversified its product profile into tractor financing, used vehicle financing, and SME lending. In February 2013, the group acquired GE Money Housing Finance (renamed as Magma Housing Finance and later converted into Magma Housing Finance Limited) and home equity loan portfolio of GE Money Financial Services Private Limited. The acquisition enabled the Magma group to diversify into mortgage financing with loan against property and housing finance. Further, Magma Group has presence in general insurance segment through a 74 percent joint venture with HDI-Gerling Industrie Versicherung AG in Magma HDI General Insurance Limited.

About the company: MHFL

Initially incorporated as GE Money Housing Finance, MHFL was acquired by MFL in 2013, through its wholly owned subsidiary Magma Advisory Services Ltd (MASL). MASL was merged with Magma Fincorp Limited (MFL), effective FY2018, post which MHFL has become a wholly owned subsidiary of Magma Fincorp Limited. MHFL is a non-deposit taking housing finance company registered with National Housing Bank (NHB). The company is engaged in extending housing loans, Loan against Property and construction finance.

Magma Group has presence in 21 states in India and operates through a network of 326 branches as on December 31, 2019. The Group's flagship company MFL's equity shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). As on December 31, 2019, the promoter and his family held 24.4 percent of the aggregate shareholding in MFL and the remaining 75.6 percent were held by foreign and domestic institutional investors and public.

Analytical approach:

Acuité has taken a consolidated view on MFL and its subsidiaries and joint venture companies namely Magma Housing Finance Limited (MHFL), Jaguar Advisory Services Private Limited (JASPL- engaged in providing manpower services) and Magma HDI General Insurance Company Limited (MHDIL). The consolidation is in view of the shared brand, common managerial team along with strong operational and financial synergies among the group companies. Extent of consolidation: full.

About the Rated Entity - Key Financials (MFL-Consolidated)

| Parameters | Unit | FY19 (Audited) | FY18 (Audited) |
|---|---------|-------------------|-------------------|
| Total Assets | Rs. Cr. | 16651.7 | 14656.1 |
| Total Income* | Rs. Cr. | 1343.37 | 1189.94 |
| PAT | Rs. Cr. | 304.0 | 236.9 |
| Net Worth | Rs. Cr. | 2743.9 | 1972.0 |
| Return on Average Assets (RoAA) | (%) | 1.94 | 1.61 |
| Return on Average Net Worth (RoNW) | (%) | 12.89 | 12.72 |
| Total Debt/Tangible Net Worth (Gearing) | Times | 4.86 | 6.22 |
| Gross NPA | (%) | 4.8 | 8.6^ |
| Net NPA | (%) | 3.0 | 4.3^ |

* Total income equals to Net interest income plus other income

^restated as per IND AS

About the Rated Entity - Key Financials (MHFL-Standalone)

| Parameters | Unit | FY19 (Audited) | FY18 (Audited) |
|---|---------|-------------------|-------------------|
| Total Assets | Rs. Cr. | 1963 | 1484 |
| Total Income* | Rs. Cr. | 133 | 123 |
| PAT | Rs. Cr. | 34 | 34 |
| Net Worth | Rs. Cr. | 341 | 312 |
| Return on Average Assets (RoAA) | (%) | 2.0 | 2.2 |
| Return on Average Net Worth (RoNW) | (%) | 10.4 | 11.5 |
| Total Debt/Tangible Net Worth (Gearing) | Times | 4.6 | 3.5 |
| Gross NPA | (%) | 1.8 | 5.4 |
| Net NPA | (%) | 1.2 | 3.1 |

* Total income equals to Net interest income plus other income

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Rating of Non-Banking Financing Entities – <https://www.acuite.in/view-rating-criteria-44.htm>
- Default Recognition – <https://www.acuite.in/view-rating-criteria-17.htm>
- Financial Ratios And Adjustments – <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|----------------|---|-----------|------------------|----------------------------|
| July 10 , 2019 | Proposed Secured Non-Convertible Debentures | Long Term | 100.00 | ACUITE AA/Stable(Assigned) |

***Annexure – Details of instruments rated**

| ISIN | Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|------|---|------------------|-------------|---------------|-----------------------------|----------------------|
| - | Proposed Secured Non-Convertible Debentures | NA | NA | NA | 100.00 | ACUITE AA(Withdrawn) |

Contacts

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About Acuité Ratings & Research:

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