

November 19, 2021

Shriram Transport Finance Company Limited: Rating withdrawn for non-convertible debentures

Summary of rating action

Instrument*	Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debentures (NCDs)	1000.00	-	Provisional [ICRA]AAA(CE)(Stable); withdrawn
Fixed Deposit Programme	-	-	MAA+(Stable); outstanding
Total	1000.00	-	

*Instrument details are provided in Annexure-1

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned.

Rationale

ICRA has withdrawn the rating for NCDs for Shriram Transport Finance Company Limited (STFC), as tabulated above since the instrument has not been issued.

ICRA is withdrawing the rating and it does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale for the NCDs is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies Rating Methodology for Covered Bond Transactions ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

STFC, incorporated in 1979 and a part of the Shriram Group of companies, is a deposit-accepting non-banking financial company. It is the market leader in pre-owned commercial vehicle financing with a pan-India presence encompassing 1,821 branches and 809 rural centres as on June 30, 2021. STFC primarily provides financing for vehicles such as commercial vehicles (CVs – both pre-owned and new), tractors, and passenger vehicles. Assets under STFC's management aggregated Rs. 1,19,301 crore as on June 30, 2021.

Key financial indicators (Consolidated)

	FY2020	FY2021	H1 FY2022
	Audited	Audited	Provisional
PAT	2,502	2,487	941
Net Worth	18,005	21,541	24,592
Assets under Management (AUM)	109,749	117,243	121,647
Return on Average Assets	2.2%	2.0%	2.2%
Return on Average Equity	14.7%	12.6%	12.8%
Gearing (times)	5.2	4.9	4.4
Net Worth/ AUM	16.4%	18.4%	20.2%
CRAR	22.0%	22.5%	23.2%
Gross Stage 3 (%)	8.4%	7.1%	7.8%
Net Stage 3 (%)	5.6%	4.2%	4.2%
Provision Coverage – Stage 3 (%)	34.7%	42.1%	48.6%
Solvency (Net Stage 3/ Net Worth)	33.3%	22.3%	19.7%

Source: STFC, ICRA research
Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years		
		Type	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					Nov-19-2021			
1	NCD	Long term	1000.00	-	Provisional [ICRA]AAA(CE)(Stable); Withdrawn	Provisional [ICRA]AAA(CE)(Stable)	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
NCD	Complex

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

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	NCD	NA	NA	NA	1000.00	Provisional [ICRA]AAA(CE) (Stable); withdrawn

Source: Company

For details on other ICRA-rated instruments of the company, refer to the rationale [here](#)

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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