

April 22, 2020

Shriram Transport Finance Company Limited: ICRA withdraws rating for PTCs issued under securitisation transaction backed by vehicle loan pool

Summary of Rated Instrument

Trust Name	Instrument*	Initial Amount (Rs. crore ¹)	Amount o/s after last surveillance (Rs. crore)	Current Amount O/s (Rs. crore)	Rating action
Sansar Trust Mar 2017	PTC Series A	900.22	60.84	0.00	[ICRA]AAA(SO); withdrawn
	Second Loss Facility	54.01	54.01	0.00	[ICRA]AA+(SO); withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for PTCs issued under a vehicle loan securitisation transaction originated by Shriram Transport Finance Company Limited, as tabulated above.

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

Key rating drivers

Credit strengths

- N.A.

Credit challenges

- N.A.

Description of key rating drivers highlighted above

N.A.

Liquidity position

N.A.

Rating sensitivities

N.A.

¹ 100 lakh = 1 crore = 10 million

Key rating assumptions

N.A.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not Applicable

About the company

STFC, a deposit-accepting asset financing non-banking financial company, was incorporated in 1979 and is a part of the Shriram Group of Companies. It provides finance for vehicles such as CVs (pre-owned and new), tractors, and PVs and is the market leader in used CV financing. It has a pan-India presence, with 1,714 branches as on December 31, 2019. STFC is also engaged in the CE financing business through its erstwhile wholly-owned subsidiary, Shriram Equipment Finance Company, that was merged with STFC with effect from April 1, 2015.

STFC reported a net profit of Rs. 2,564 crore in FY2019 on a total income base of Rs. 15,457 crore compared to a net profit of Rs. 2,467 crore on a total income base of Rs. 13,268 crore in FY2018.

ICRA currently has a rating of MAA+(Stable) on the fixed deposit programme of STFC.

Key financial indicators

	FY2017 iGAAP	FY2018 IND-AS	FY2019 IND-AS
Total Income	10,824	13,268	15,457
Profit after Tax	1,257	2,467	2,564
Net Worth	11,292	13,575	15,836
Total Assets	74,038	1,02,646	1,10,773
Return on Assets	1.77%	2.79%	2.40%
Return on Net Worth	11.74%	19.84%	17.44%
Gearing (times)	4.89	6.05	5.55
% Gross NPAs	8.17%	9.29%	8.42%
% Net NPAs	2.66%	6.27%	5.68%
% Net NPA/Net Worth	14.69%	43.02%	35.66%
Capital Adequacy Ratio	16.94%	17.38%	20.27%

Source: Company and ICRA research

CRAR: Capital to risk weighted assets ratio, NPA: Non-performing asset
Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Current Rating (FY2021)				Chronology of Rating History for the Past 3 Years						
Instrument	Type	Initial Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2020	Date & Rating in FY2019		Date & Rating in FY2018		
				22-Apr-20	07-Feb-20	27-Feb-19	16-May-18	24-Jul-17	17-May-17	05-Apr-17*
1 Sansar Trust Mar 2017	PTC Series A	900.22	0.00	[ICRA]AAA (SO) withdrawn	[ICRA] AAA(SO)	[ICRA] AAA(SO)	[ICRA] AAA(SO)	[ICRA] AAA(SO)	[ICRA] AAA(SO)	Provisional [ICRA]AAA (SO)
	Second Loss Facility	54.01	0.00	[ICRA]AA+ (SO) withdrawn	[ICRA] AA+(SO)	[ICRA] A(SO)	[ICRA] BBB(SO)	[ICRA] BBB(SO)	[ICRA] BBB(SO)	Provisional [ICRA]BBB (SO)

*Initial ratings 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 [click here](http://www.icra.in)

Annexure I: Details of Instruments

Trust Name	Instrument Name	Date of Issuance	Coupon Rate	Scheduled Maturity Date	Current amount o/s (Rs. crore ²)	Current Rating
Sansar Trust Mar 2017	PTC Series A	March 2017	7.50%	Sep 2021	0.00	[ICRA]AAA(SO) withdrawn
	Second Loss Facility		N.A.	Sep 2021	0.00	[ICRA]AA+(SO) withdrawn

² 100 lakh = 1 crore = 10 million

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