

June 05, 2019

Shriram Transport Finance Company Limited (STFC): Ratings withdrawn for pass through certificates (PTCs) issued under a vehicle loan securitisation transaction

Summary of Rated Instruments

Sl.	Trust Name	Instrument*	Initial amount (Rs. Crore ¹)	Amount o/s after last surveillance (Rs. Crore)	Current amount o/s (Rs. Crore)	Rating action
1	Sansar Trust Sep 2017 III	PTC Series A6	113.83	31.33	0.00	[ICRA]AAA(SO) Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for PTC Series A6 issued under Sansar Trust Sep 2017 III, as tabulated above. The transaction are backed by vehicle loan receivables originated by Shriram Transport Finance Company Limited.

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 Challenges

- N.A.

Description of key rating drivers highlighted above

N.A.

Liquidity Position

N.A.

Key rating assumptions

N.A.

¹ 100 lakh = 1 crore = 10 million

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 financing for vehicles such as CVs (both pre-owned and new), tractors, and passenger vehicles and is the market leader in used CV financing. It has a pan-India presence, with 1,348 branches and 885 rural centres as on December 31, 2018. STFC is also engaged in the construction equipment 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. 1,568.04 crore in FY2018 on a total income base of Rs. 12,264.80 crore compared to a net profit of Rs. 1,257.34 crore on a total income base of Rs. 10,824.47 crore in FY2017. STFC reported a net profit of Rs. 1,817.92 crore in 9M FY2019 on a total income base of Rs. 11,610.42 crore.

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

Key financial indicators (audited)

	FY2017 iGAAP	FY2018 iGAAP	9M FY2019 IND-AS
Total Income	10,824	12,265	11,610
Profit after Tax	1,257	1568	1,818
Net Worth	11,292	12,572	15,062
Total Assets	74,400	88,471	1,08,757
Return on Assets	1.77%	1.93%	2.46%
Return on Net Worth	11.61%	13.14%	17.54%
Gearing (times)	4.89	5.21	5.95
% Gross NPAs	8.16%	9.53%	8.78%
% Net NPAs	2.65%	6.08%	5.86%
% Net NPA/Net Worth	14.69%	46.13%	38.81%
Capital Adequacy Ratio	16.94%	16.87%	19.72%

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: Not Applicable

Rating history for last three years:

S.No	Name of Instrument	Type	Current Rating (FY2020)		Month-year & Rating	Chronology of Rating History for the past 3 years			
			Rated amount (Rs. Crores)	Amount outstanding (Rs. Crores)		Month- year & Rating			
						June 2019	February 2019	May 2018	October 2017
1	Sansar Trust Sep 2017 III	PTC Series A6	113.83	Nil	[ICRA]AAA (SO) Withdrawn	[ICRA]AAA (SO)	[ICRA]AAA (SO)	[ICRA]AAA (SO)	Provisional [ICRA]AAA(SO)

*Initial Ratings Assigned

Complexity level of the rated instrument: Highly Complex

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 I Details of Instruments

Sl.	Trust Name	Instrument	Date of Issuance	Coupon Rate #	Scheduled Maturity Date	Rated Amount (Rs. crore ²)	Current Rating
1	Sansar Trust Sep 2017 III	PTC Series A6	September 2017	7.77%	June 2022	Nil	[ICRA]AAA(SO) Withdrawn

per annum payable monthly

² 100 lakh = 1 crore = 10 million

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