

July 10, 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## Shriram Transport Finance Company Limited (STFC): Ratings withdrawn for pass through certificates (PTCs) issued under a vehicle loan securitisation transaction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 <sup>1</sup> )	Amount o/s after last surveillance (Rs. Crore)	Current amount o/s (Rs. Crore)	Rating action
1	Sansar Trust May 2019	PTC Series A1	711.87	NA	0.00	Provisional [ICRA]AAA(SO) Withdrawn
		PTC Series A2	709.03	NA	0.00	Provisional [ICRA]AAA(SO) Withdrawn

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the ratings for PTC Series A1 and PTC Series A2 issued under Sansar Trust May 2019, as tabulated above. The, transaction are backed by vehicle loan receivables originated by Shriram Transport Finance Company Limited.

Sansar Trust May 2019 transaction did not get placed and hence there is no outstanding amount against the rated instruments.

### Key rating drivers

#### Credit strengths

N.A.

#### Credit challenges

N.A.

#### Description of key rating drivers highlighted above

N.A.

#### Key rating assumptions

N.A.

#### Liquidity position

N.A.

<sup>1</sup> 100 lakh = 1 crore = 10 million

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Policy on Withdrawal and Suspension of Credit Rating</a>
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 1,545 branches as on March 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. 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

	FY2017 iGAAP	FY2018 IND-AS	9M FY2019 IND-AS
Total Income	10,824	12,265	11,610
Profit after Tax	1,257	1,568	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	Current Rating (FY2020)			Chronology of Rating History for the past 3 years				
		Type	Rated amount (Rs. Crores)	Amount outstanding (Rs. Crores)	Month-year & Rating		Month- year & Rating		
					July 2019	May 2019*	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
1	Sansar Trust May 2019	PTC Series A1	711.87	Nil	Provisional [ICRA]AAA(SO) Withdrawn	Provisional [ICRA]AAA(SO)	-	-	-
		PTC Series A2	709.03	Nil	Provisional [ICRA]AAA(SO) Withdrawn	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](http://www.icra.in)

## Annexure I Details of Instruments

Trust Name	Instrument Name	Date of Issuance	Coupon Rate <sup>#</sup>	Scheduled Maturity Date	Amount Rated (Rs. crore <sup>2</sup> )	Current Rating
Sansar Trust May 2019	PTC Series A1	NA	9.26%	NA	711.87	Provisional [ICRA] AAA(SO) Withdrawn
	PTC Series A2	NA	9.26%	NA	709.03	Provisional [ICRA] AAA(SO) Withdrawn

*# per annum payable monthly*

<sup>2</sup> 100 lakh = 1 crore = 10 million

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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.

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For more information, visit [www.icra.in](http://www.icra.in)

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