

May 12, 2022

Shriram Transport Finance Company Limited: Ratings withdrawn for PTCs and second loss facility issued under a vehicle loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Previous Rated Amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Sansar Trust March 2019	PTC Series A4	514.17	34.24	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility	82.96	82.96	0.00	[ICRA]AA(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) and second loss facility (SLF) issued under a vehicle loan receivables transaction originated by Shriram Transport Finance Company Limited (STFC), as tabulated above. All the payouts to the investors in the above-mentioned instruments have been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of surveillance exercise is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	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 CV financing with a pan-India presence encompassing 1,834 branches and 792 rural centres as on December 30, 2021. STFC primarily provides financing for vehicles such as CVs (pre-owned and new), tractors, and PVs. Assets under STFC's management aggregated Rs. 1,24,602 crore as on December 31, 2021.

Key financial indicators (audited)

Five-Star Business Finance Limited	FY2020	FY2021	H1 FY2022
	Audited	Audited	Audited
Net Worth	18,005	21,568	24,592
Profit after Tax	2,502	2,487	941
Assets under Management (AUM)	1,09,749	1,17,243	1,21,647
Gross Stage 3 (%)	8.4%	7.1%	7.8%
Net Stage 3 (%)	5.6%	4.2%	4.2%

Source: STFC, ICRA Research

Amount is Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Trust Name	Current Rating (FY2023)			Chronology of Rating History for the Past 3 Years					
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date and Rating in FY2023	Date and Rating in FY2022	Date and Rating in FY2021	Date and Rating in FY2020		
					May-12-2022	Mar-17-2022	Mar-23-2021	Feb-07-2020	Apr-15-2019	Apr-08-2019
1	Sansar Trust March 2019	PTC Series A4	514.17	0.00	[ICRA] AAA(SO); withdrawn	[ICRA] AAA(SO)	[ICRA] AAA(SO)	[ICRA] AAA(SO)	[ICRA] AAA(SO)	Provisional [ICRA]AAA(SO)
		Second Loss Facility	82.96	0.00	[ICRA] AA(SO); withdrawn	[ICRA] AA(SO)	[ICRA] A-(SO)	[ICRA] BBB+(SO)	[ICRA] BBB+(SO)	Provisional [ICRA]BBB+(SO)

Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A4	Simple
Second Loss Facility	Simple

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

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Sansar Trust March 2019	PTC Series A4	April 2019	10.00%	April 2024	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility	April 2019	NA	April 2024	0.00	[ICRA]AA (SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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