

December 19, 2022

## Shriram Finance Limited (erstwhile Shriram Transport Finance Company Limited): Ratings withdrawn for PTCs and second loss facility issued under four vehicle loan securitisation transactions

### 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Sansar Trust Nov 2018 II	PTC Series A	220.36	27.45	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility	10.47	10.47	0.00	[ICRA]AA(SO); Withdrawn
Sansar Trust May 2019	PTC Series A2	290.40	62.35	0.00	[ICRA]AAA(SO); Withdrawn
Sansar Trust July 2019	PTC Series A1	415.66	4.08	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2	415.66	103.28	0.00	[ICRA]AAA(SO); Withdrawn
Sansar Trust March 2020	PTC Series A1	358.49	5.30	0.00	[ICRA]AAA(SO); Withdrawn

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) and second loss facility (SLF) issued under four vehicle loan receivables transactions originated by Shriram Finance Limited (SFL; rated [ICRA]AA+(Stable)), 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn.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 for Sansar Trust March 2020 transaction is available at the following link: [Click here](#); while for the other three transaction is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Policy on Withdrawal of Credit Rating</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

### About the company

Shriram Finance Limited (SFL; erstwhile Shriram Transport Finance Company Limited), incorporated in 1979 and a part of the Shriram Group of companies, is a deposit-accepting non-banking financial company (NBFC). It is the market leader in pre-owned CV financing with a pan-India presence encompassing 1,854 branch offices and 770 rural centres as on June 30, 2022. SFL primarily provides financing for vehicles such as CVs (both pre-owned and new), tractors, and passenger vehicles (PVs).

On December 13, 2021, the board of directors of Shriram Transport Finance Limited (STFC), Shriram City Union Finance Ltd. (SCUF) and Shriram Capital Limited (SCL) (promoter entity) approved the merger of SCL and SCUF with STFC, subject to the receipt of requisite statutory and regulatory approvals. Further, on November 30, 2022, Shriram Group's entities - STFC, SCUF and SCL merged to form SFL.

### Key financial indicators\*

	FY2021	FY2022	H1 FY2023
	Audited	Audited	Provisional
Net worth	21,568	25,932	27,856
Profit after tax	2,487	2,708	2,032
Assets under management (AUM)	1,17,243	1,27,041	1,35,249
Gross stage 3 (%)	7.1%	7.1%	6.9%
Net stage 3 (%)	4.2%	3.7%	3.5%

Source: STFC, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore

\*For SFL, prior to the merger with SCUF and SCL.

Amount is Rs. crore

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

### Rating history for past three years

Instrument	Type	Current Rating (FY2023)		Chronology of Rating History for the Past 3 Years				
		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
				Dec 19, 2022	Mar 17, 2022	Mar 23, 2021		Feb 07, 2020
1 Sansar Trust Nov 2018 II	PTC Series A	220.36	0.00	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)		[ICRA]AAA(SO)
	Second Loss Facility	10.47	0.00	[ICRA]AA(SO); withdrawn	[ICRA]AA(SO)	[ICRA]A-(SO)		[ICRA]BBB+(SO)

Instrument	Type	Current Rating (FY2023)		Chronology of Rating History for the Past 3 Years								
		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		
				Dec 19, 2022	Mar 17, 2022	Mar 23, 2021	Dec 18, 2020	Sep 14, 2020	Jun 11, 2020	May 19, 2020	Mar 11, 2020	Jul 22, 2019
2 Sansar Trust May 2019	PTC Series A2	290.40	0.00	[ICRA]AA A(SO); withdrawal	[ICRA]AA A(SO)	[ICRA]AA A(SO)	[ICRA]A A(SO)	[ICRA]AA(SO)@	[ICRA]AA(SO)@	[ICRA]AAA(SO)@	[ICRA]AA A(SO)	Provisional [ICRA]AA A(SO)

@ The symbol implies that the rating is under Watch with Negative Implications

Instrument	Type	Current Rating (FY2023)		Chronology of Rating History for the Past 3 Years								
		Initial Amount	Amount Outstanding	Date and Rating in FY2023	Date and Rating in FY2022	Date and Rating in FY2021					Date and Rating in FY2020	
		(Rs. crore)	(Rs. crore)	Dec 19, 2022	Mar 17, 2022	Mar 23, 2021	Dec 18, 2020	Sep 14, 2020	Jun 11, 2020	May 19, 2020	Mar 11, 2020	Aug 13, 2019
3 Sansar Trust July 2019	PTC Series A1	415.66	0.00	[ICRA]AA A(SO); withdrawal	[ICRA]AA A(SO)	[ICRA]AA A(SO)	[ICRA]AA (SO)	[ICRA]AA(SO)@	[ICRA]AA(SO)@	[ICRA]AAA (SO)@	[ICRA]AA A(SO)	Provisional [ICRA]AA A(SO)
	PTC Series A2	415.66	0.00	[ICRA]AA A(SO); withdrawal	[ICRA]AA A(SO)	[ICRA]AA A(SO)	[ICRA]AA A(SO)	[ICRA]AA A(SO)@	[ICRA]AA(SO)@	[ICRA]AAA (SO)@	[ICRA]AA A(SO)	Provisional [ICRA]AA A(SO)

@ The symbol implies that the rating is under Watch with Negative Implications

Instrument	Type	Current Rating (FY2023)		Chronology of Rating History for the Past 3 Years						
		Initial Amount Rated	Amount Outstanding	Date and Rating in FY2023		Date and Rating in FY2022	Date and Rating in FY2021		Date and Rating in FY2020	
		(Rs. crore)	(Rs. crore)	Dec 19, 2022	Jul 28, 2022	Jul 30, 2021	Sep 25, 2020	Apr 17, 2020	-	
4 Sansar Trust March 2020	PTC Series A1	358.49	0.00	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

### Complexity level of the rated instrument

Sr. No.	Trust Name	Instrument	Complexity Indicator
1	Sansar Trust Nov 2018 II	PTC Series A	Moderately Complex
		Second Loss Facility	Moderately Complex
2	Sansar Trust May 2019	PTC Series A2	Simple
3	Sansar Trust July 2019	PTC Series A1	Simple
		PTC Series A2	Simple
4	Sansar Trust March 2020	PTC Series A1	Moderately 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](http://www.icra.in)

**Annexure I: Instrument details**

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
<b>Sansar Trust Nov 2018 II</b>	PTC Series A	November 2018	8.90%	November 2023	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility	November 2018	NA	November 2023	0.00	[ICRA]AA(SO); Withdrawn
<b>Sansar Trust May 2019</b>	PTC Series A2	July 2019	9.26%	April 2024	0.00	[ICRA]AAA(SO); Withdrawn
<b>Sansar Trust July 2019</b>	PTC Series A1	August 2019	9.26%	April 2024	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2	August 2019	9.26%	April 2024	0.00	[ICRA]AAA(SO); Withdrawn
<b>Sansar Trust March 2020</b>	PTC Series A1	March 2020	8.46%	September 2024	0.00	[ICRA]AAA(SO); Withdrawn

Source: Company

**Annexure II: List of entities considered for consolidated analysis**

Not Applicable

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

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