

May 16, 2023

Shriram Finance Limited (erstwhile Shriram Transport Finance Company Limited): Rating withdrawn for PTCs issued under vehicle loan securitisation transaction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Sansar Trust March 2020 IV	PTC Series A1	282.55	62.55	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under vehicle loan receivables transaction originated by Shriram Finance Limited (SFL; rated [ICRA]AA+(Stable)), 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.

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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn.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 previous rating 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

Shriram Finance Limited [SFL; erstwhile Shriram Transport Finance Company Limited (STFC)], incorporated in 1979, is a part of the Shriram Group of companies and is a top-layer non-banking financial company (NBFC). Based on the National Company Law Tribunal (NCLT) order dated November 14, 2022, the operations of Shriram City Union Finance Company Limited (SCUF) and Shriram Capital Limited were merged with STFC and the resultant entity was rechristened Shriram Finance Limited on November 30, 2022.

SFL enjoys a leadership position in pre-owned commercial vehicle finance and has a pan-India presence with 2,910 branches. As of December 31, 2022, its consolidated assets under management (AUM) was Rs. 1.8 lakh crore, comprising pre-owned commercial vehicle finance (76%), small and medium-sized enterprise (SME) lending (10%), personal loans (3%), gold loans (2%), two-wheeler loans (5%) and housing finance (4%; through its subsidiary – Shriram Housing Financing Limited).

In 9M FY2023, on a consolidated basis, SFL reported a net profit of Rs. 4,726 crore on AUM of Rs. 1,84,678 crore and its net worth of Rs. 41,140 crore[#]. On a standalone level, the company reported a profit after tax (PAT) of Rs. 4,671 crore on an AUM of Rs. 1,77,498 crore. Its reported capital adequacy stood at 22.99% as of December 31, 2022.

Key financial indicators

	FY2021*	FY2022*	9M FY2023^
	Audited	Audited	Provisional
Net worth	21,568	25,932	41,140 [#]
Profit after tax	2,487	2,708	4,726
Assets under management (AUM)	1,17,243	1,27,041	1,84,678
Gross stage 3	7.1%	7.1%	6.1%
Net stage 3	4.2%	3.7%	3.2%

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

*For SFL, prior to the merger with SCUF and SCL; ^Consolidated, post-merger

[#]Adjusted for goodwill of Rs. 1,408.6 crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years			
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date and Rating in FY2024	Date and Rating in FY2023	Date and Rating in FY2022	Date and Rating in FY2021
				May 16, 2023	Jul 28, 2022	Jul 30, 2021	Sep 25, 2020
1 Sansar Trust March 2020 IV	PTC Series A1	282.55	0.00	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)

Complexity level of the rated instrument

Sr. No.	Trust Name	Instrument	Complexity Indicator
1	Sansar Trust March 2020 IV	PTC Series A1	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 I: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Sansar Trust March 2020 IV	PTC Series A1	March 2020	8.00%	October 2024	0.00	[ICRA]AAA(SO); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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