

December 21, 2023

## Shriram Finance Limited: Rating withdrawn for PTCs issued under vehicle loan securitisation transactions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Sansar Trust Feb 2020 III	PTC Series A1	1,597.55	29.16	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2	84.08	1.53	0.00	[ICRA]AAA(SO); Withdrawn
	SLF	151.35	151.35	0.00	[ICRA]AA+(SO); Withdrawn
Sansar Trust March 2020	PTC Series A2	143.41	9.55	0.00	[ICRA]AAA(SO); Withdrawn
	SLF	50.19	27.61	0.00	[ICRA]AA+(SO); Withdrawn
Sansar Trust Feb 2022 II	PTC Series A1 (a)	49.47	12.25	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A1 (b)	10.53	10.53	0.00	[ICRA]AAA(SO); Withdrawn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ICRA has withdrawn the rating for pass through certificates (PTCs) issued under vehicle loan receivables transaction originated by Shriram Finance Limited (SFL; rated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. The rating has been withdrawn as all the payouts to the investors in the above-mentioned instruments have been made and no further payments are due to the investors.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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn.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 detailed rating rationale of previous rating exercise is available at the following links: [Link1](#) and [Link2](#).

### 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 Originator

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 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 STFC was rechristened Shriram Finance Limited on November 30, 2022.

SFL enjoys a leadership position in preowned commercial vehicle finance and has a pan-India presence with 2,975 branches and 708 rural centres. As of September 30, 2023, SFL had consolidated AUM of Rs. 2,02,641 crore comprising pre-owned commercial vehicle finance (49%), passenger vehicle loans (19%), construction equipment (7%), farm equipment (2%), SME lending (11%), personal loans (4%), gold loans (3%) and two-wheeler loans (5%).

The company reported PAT of Rs. 3,426 crore on an AUM of Rs. 2,02,641 crore for H1FY2024. The Gross stage 3 stood at 5.79% and Net stage 3 at 2.80% for Q2 FY2024. PAT for Q1 FY2024 stood at Rs 1,675 crore and net-worth of SFL stood at Rs 44,821 crore. The company is adequately capitalized with CRAR at 22.15% at Q2 FY2024. Total outstanding borrowings stands at Rs 1,653 billion with bank term loans and public deposits forming ~50% of the total borrowings at September 30, 2023.

### Key financial indicators (SFL)

	FY2022*	FY2023^	H1 FY2024^
	Audited	Audited	Audited
<b>Net worth</b>	25,932	43,306	46,035
<b>Profit after tax</b>	2,708	5,979	3,426
<b>Assets under management (AUM)</b>	1,27,041	1,85,683	2,02,641
<b>Gross stage 3 (%)</b>	7.1%	6.2%	5.79%
<b>Net stage 3 (%)</b>	3.7%	3.2%	2.80%

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

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

### Any other information: None

### Rating history for past three years

S. No.	Trust Name	Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years		
					Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					Dec 21, 2023	Jul 21, 2023	Jul 28, 2022	Jul 30, 2021	Jul 27, 2020
1	Sansar Trust Feb 2020 III	PTC Series A1	1,597.55	0.00	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)
		PTC Series A2	84.08	0.00	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]A(SO)	[ICRA]A(SO)
		SLF	151.35	0.00	[ICRA]AA+(SO); withdrawn	[ICRA]AA+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB-(SO)	[ICRA]BBB-(SO)

^Initial ratings assigned

S. No.	Trust Name	Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years		
					Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					Dec 21, 2023	Jul 21, 2023	Jul 28, 2022	Jul 30, 2021	Sep 25, 2020
2	Sansar Trust March 2020	PTC Series A2	143.41	0.00	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)
		SLF	50.19	0.00	[ICRA]AA+(SO); withdrawn	[ICRA]AA+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)

^Initial ratings assigned

S. No.	Trust Name	Instrument	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years					
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
					Dec 21, 2023	Mar 17, 2023	Jun 20, 2022	Apr 06, 2022	Mar 29, 2022 <sup>^</sup>	-
3	Sansar Trust Feb 2022 II	PTC Series A1(a)	49.47	0.00	[ICRA]AAA (SO); withdrawn	[ICRA]AAA (SO)	[ICRA]AAA (SO)	Provisional [ICRA]AAA(SO); reaffirmed	Provisional [ICRA]AAA (SO)	-
		PTC Series A1(b)	10.53	0.00	[ICRA]AAA (SO); withdrawn	[ICRA]AAA (SO)	[ICRA]AAA (SO)	Provisional [ICRA]AAA(SO); reaffirmed	Provisional [ICRA]AAA (SO)	-

<sup>^</sup>Initial ratings assigned

### Complexity level of the rated instrument

Sr. No.	Trust Name	Instrument	Complexity Indicator
1	Sansar Trust Feb 2020 III	PTC Series A1	Moderately Complex
		PTC Series A2	Moderately Complex
		Second Loss Facility	Moderately Complex
2	Sansar Trust March 2020	PTC Series A2	Moderately Complex
		Second Loss Facility	Moderately Complex
3	Sansar Trust Feb 2022 II	PTC Series A1 (a)	Simple
		PTC Series A1 (b)	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 analysing 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: [Click Here](#)

**Annexure I: Instrument details**

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
<b>Sansar Trust Feb 2020 III</b>	PTC Series A1	June 2020	9.10%	June 2025	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2	June 2020	9.10%	June 2025	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility	June 2020	NA	June 2025	0.00	[ICRA]AA+(SO); Withdrawn
<b>Sansar Trust March 2020</b>	PTC Series A2	March 2020	8.46%	September 2024	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility	March 2020	NA	September 2024	0.00	[ICRA]AA+(SO); Withdrawn
<b>Sansar Trust Feb 2022 II</b>	PTC Series A1(a)	March 2022	5.95%	January 2024	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A1(b)	March 2022	5.95%	May 2024	0.00	[ICRA]AAA(SO); Withdrawn

Source: Company

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

Not Applicable

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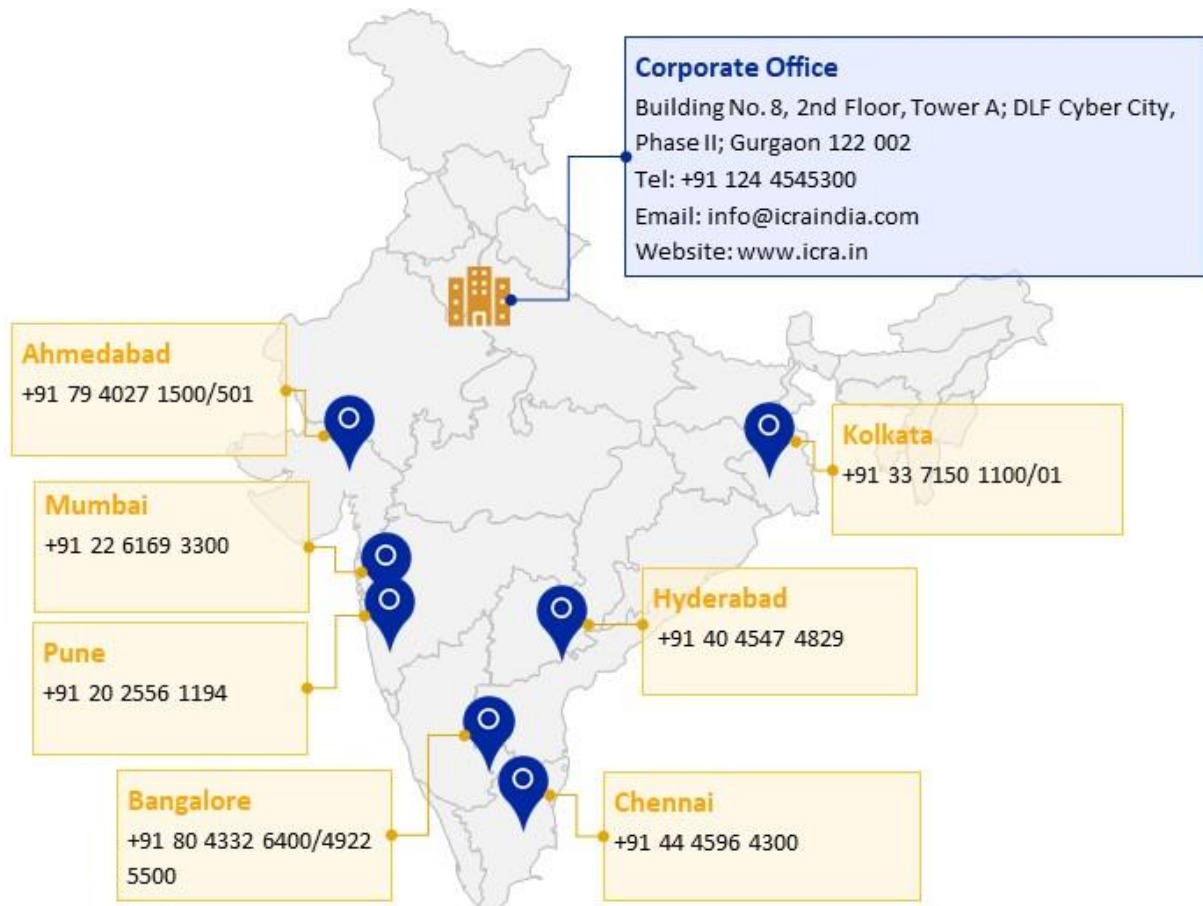
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