

September 18, 2025

## Sundaram Finance Limited: Rating reaffirmed 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 Rated Amount (Rs. crore)	Rating Action
Shri Trust AS 2024	PTC Series A	357.47	187.68	117.93	[ICRA]AAA(SO); reaffirmed
Shri Trust AT 2024	PTC Series A	365.41	205.26	126.77	[ICRA]AAA(SO); reaffirmed
Shri Trust AU 2024	PTC Series A	176.83	115.32	78.54	[ICRA]AAA(SO); reaffirmed
Shri Trust AV 2024	PTC Series A	338.22	203.80	125.80	[ICRA]AAA(SO); reaffirmed
Shri Trust AY 2024	PTC Series A	205.31	113.37	94.49	[ICRA]AAA(SO); reaffirmed

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTCs) are backed by vehicle loan receivables originated by Sundaram Finance Limited {SFL/Originator; rated [ICRA]AAA (Stable)}. SFL is also the servicer for the rated transactions. The rating reaffirmation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of the high amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till the July 2025 payout month.

### Pool performance summary

Parameter	Shri Trust AS 2024	Shri Trust AT 2024	Shri Trust AU 2024	Shri Trust AV 2024	Shri Trust AY 2024
Payout month	July 2025	July 2025	July 2025	July 2025	July 2025
Months post securitisation	23	21	19	19	18
Pool amortisation (%)	67.6%	66.0%	56.1%	63.4%	54.6%
PTC amortisation (%)	67.0%	65.3%	55.6%	62.8%	54.0%
Cumulative collection efficiency (%) <sup>1</sup>	98.2%	97.6%	98.5%	99.2%	99.1%
Cumulative prepayment rate (%)	9.9%	10.5%	5.6%	4.4%	3.5%
Loss-cum-90+ (% of initial pool principal) <sup>2</sup>	1.2%	1.2%	1.1%	0.4%	0.2%
Loss-cum-180+ (% of initial pool principal) <sup>3</sup>	1.0%	0.6%	0.2%	0.1%	0.0%
Breakeven collection efficiency (%) <sup>4</sup>	76.9%	77.9%	82.1%	78.6%	82.4%
Cumulative cash collateral (CC) utilisation (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EIS available (as a % of balance pool)	2.2%	2.6%	2.7%	1.4%	1.9%
CC available (as % of balance pool)	24.7%	23.5%	18.2%	23.2%	18.7%

<sup>1</sup> Cumulative current and overdue collections / Cumulative billings

<sup>2</sup> Principal outstanding and overdue on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>3</sup> Principal outstanding and overdue on contracts aged 180+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>4</sup> (Balance PTC cash flows – CC available) / Balance pool cash flows

## Transaction structure

### Shri Trust AS 2024

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis but is promised on the final maturity date. The expected monthly principal payouts to the investors have been staggered in such a way that the principal portion of the billing pertaining to a particular month (month M) will be paid in the corresponding payout to the investors in a staggered ratio of 80:20 in months M+1 and M+2, respectively. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of PTC Series A principal.

### Shri Trust AT 2024

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis but is promised on the final maturity date. The expected monthly principal payouts to the investors have been staggered in such a way that the principal portion of the billing pertaining to a particular month (month M) will be paid in the corresponding payout to the investors in a staggered ratio of 80:20 in months M+1 and M+2, respectively. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of PTC Series A principal.

### Shri Trust AU 2024

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis but is promised on the final maturity date. The expected monthly principal payouts to the investors have been staggered in such a way that the principal portion of the billing pertaining to a particular month (month M) will be paid in the corresponding payout to the investors in a staggered ratio of 80:20 in months M+1 and M+2, respectively. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of PTC Series A principal.

### Shri Trust AV 2024

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis but is promised on the final maturity date. The expected monthly principal payouts to the investors have been staggered in such a way that the principal portion of the billing pertaining to a particular month (month M) will be paid in the corresponding payout to the investors in a staggered ratio of 80:20 in months M+1 and M+2, respectively. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of PTC Series A principal.

### Shri Trust AY 2024

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis but is promised on the final maturity date. The expected monthly principal payouts to the investors have been staggered in such a way that the principal portion of the billing pertaining to a particular month (month M) will be paid in the corresponding payout to the investors in a staggered ratio of 80:20 in months M+1 and M+2, respectively. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of PTC Series A principal.

### Reset of credit enhancement

At Originator's request for resetting the credit enhancement, ICRA has analysed Shri Trust AS 2024, Shri Trust AT 2024, Shri Trust AU 2024, Shri Trust AV 2024 and Shri Trust AY2024, basis the CC mentioned in the table provided below. Based on the pools' performance, the rating for the PTCs will remain unchanged even after the CC amount is reset. The CC reset shall be subject to the approval of the PTC investors. However, as per regulatory guidelines, the amount of CC that can be released would be restricted to 60% of the difference between the current CC amount and the revised CC amount allowed by ICRA.

Transaction name	Current CC outstanding [A]	CC Required as per ICRA for maintaining the present rating [B]	CC that can be released [C]= 60%*(A - B)	Revised CC Limit [D] = (A - C)
Shri Trust AS 2024	28.60	14.30	8.58	20.02
Shri Trust AT 2024	29.23	14.62	8.77	20.46
Shri Trust AU 2024	14.15	9.19	2.97	11.18
Shri Trust AV 2024	28.75	14.37	8.62	20.12
Shri Trust AY 2024	17.45	8.73	5.24	12.22

Amount in Rs. crore

### Key rating drivers and their description

#### Credit strengths

**Established track record and servicing capability of SFL-** SFL, which is also servicing the loans in the transactions, has an established track record in the vehicle finance business with operational history of almost seven decades. It has adequate processes for servicing loan with demonstrated track record of regular collections and recovery across a wide geography.

**Substantial credit enhancement available in the structure** – The rating factors in the build-up in the credit enhancement with CC increasing in the range between 18% to 25% of the balance pool principal as compared to 8.0% to 8.5% of initial pool principal at time of securitisation. Internal credit support is also available through EIS for both the transactions.

**Healthy pool performance** – Performance of the pools have been strong with cumulative collection efficiency higher than 97% which has resulted in low delinquencies in the pool with the 90+ days past due (dpd) being sub 1.5% as on July 2025 payout month. Further, there have been no instances of cash collateral utilisation till date owing to strong collection performance and presence of EIS in the transaction.

#### Credit challenges

**Risks associated with lending business** – The pools' performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

## Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pools, ICRA has estimated the shortfall in the pool principal collection during its tenure as per the table below with certain variability around it. The average prepayment rate for the underlying pools is also given in the table below. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

S. No.	Transaction Name	Expected Loss* (% of initial pool principal)	Prepayment
1	Shri Trust AS 2024	1.00%	4.8% - 18% p.a.
2	Shri Trust AT 2024	1.25%	4.8% - 18% p.a.
3	Shri Trust AU 2024	1.50%	4.8% - 18% p.a.
4	Shri Trust AV 2024	1.00%	4.8% - 18% p.a.
5	Shri Trust AY 2024	1.00%	4.8% - 18% p.a.

\*with certain variability around it

## Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction Name	Shri Trust AS 2024	Shri Trust AT 2024	Shri Trust AU 2024	Shri Trust AV 2024	Shri Trust AY 2024
Originator	Sundaram Finance Limited	Sundaram Finance Limited	Sundaram Finance Limited	Sundaram Finance Limited	Sundaram Finance Limited
Servicer	Sundaram Finance Limited	Sundaram Finance Limited	Sundaram Finance Limited	Sundaram Finance Limited	Sundaram Finance Limited
Trustee	IDBI Trusteeship Services Limited	IDBI Trusteeship Services Limited	IDBI Trusteeship Services Limited	SBICAP Trustee Company Limited	IDBI Trusteeship Services Limited
CC bank	State Bank of India	State Bank of India	State Bank of India	State Bank of India	State Bank of India
Collection and payout account bank	State Bank of India	State Bank of India	State Bank of India	State Bank of India	State Bank of India

## Liquidity position

### Superior for all transactions

The liquidity is superior for the transaction after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 6.00 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – Pressure on the rating could emerge on the sustained weak collection performance of the underlying pool, leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. Weakening in the credit profile of the servicer could also exert pressure on the rating.

## Analytical approach

The rating action is based on the performance of the pools till the July 2025 payout month (June 2025 collection month), the present delinquency profile of the pool of contracts, the performance expected over the balance pool tenure, and the credit enhancement available in the transactions.

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Securitisation Transactions</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the originator

SFL is the flagship company of the T S Santhanam Group. It is one of the large NBFCs in the country with an AUM of Rs. 45,671 crore as of June 2024. Its primary focus is on the financing of CVs and cars. SFL has invested in various entities to provide a gamut of financial services like housing finance (SHFL), insurance (Royal Sundaram) and mutual funds (SAMCL).

SFL reported a standalone net profit of Rs. 1,543 crore in FY2025 on a managed asset base of Rs. 59,752 crore compared with a net profit of Rs. 1,454 crore on a managed asset base of Rs. 51,443 crore in FY2024.

## Key financial indicators (as per Ind-AS)

SFL – Standalone	FY2023	FY2024	FY2025
	Audited	Audited	Audited
Total income	4,110	5,494	6,596
Profit after tax	1,088	1,454	1,543
Total managed assets	41,600	51,443	59,752
Gross stage 3	1.7%	1.3%	1.4%
Capital-to-risk weighted assets ratio (CRAR)	22.8%	20.5%	20.4%

Source: Company, ICRA Research; Amount in Rs. crore

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

## Any other information: None

## Rating history for past three years

Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Current Amount rated (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	
				Sep 18, 2025	Jan 23, 2025	Jan 19, 2024	Aug 07, 2023	-
1 Shri Trust AS 2024	PTC Series A	357.47	117.93	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Current Amount rated (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023
				Sep 18, 2025	Jan 23, 2025	Jan 19, 2024	Oct 18, 2023	-
2 Shri Trust AT 2024	PTC Series A	365.41	126.77	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Current Amount rated (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023
				Sep 18, 2025	Feb 24, 2025	Mar 05, 2024	Dec 05, 2023	-
3 Shri Trust AU 2024	PTC Series A	176.83	78.54	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Current Amount rated (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023
				Sep 18, 2025	Feb 24, 2025	Mar 5, 2024	Dec 05, 2023	-
4 Shri Trust AV 2024	PTC Series A	338.22	125.80	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Current Amount rated (Rs. crore)	Date & Rating in FY2026		Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
				Sep 18, 2025	May 28, 2025	May 03, 2024	Jan 23, 2024	-
5 Shri Trust AY 2024	PTC Series A	205.31	94.49	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

### Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Shri Trust AS 2024	PTC Series A	Moderately Complex
Shri Trust AT 2024	PTC Series A	Moderately Complex

<b>Shri Trust AU 2024</b>	PTC Series A	Moderately Complex
<b>Shri Trust AV 2024</b>	PTC Series A	Moderately Complex
<b>Shri Trust AY 2024</b>	PTC Series A	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 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 are available on ICRA's website: [Click Here](#)

#### Annexure I: Instrument details

Trust Name	Instrument Type	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Rated Amount (Rs. crore)	Current Rating
<b>Shri Trust AS 2024</b>	PTC Series A	August 04, 2023	7.25%	December 25, 2027	117.93	[ICRA]AAA(SO)
<b>Shri Trust AT 2024</b>	PTC Series A	October 16, 2023	7.25%	February 25, 2028	126.77	[ICRA]AAA(SO)
<b>Shri Trust AU 2024</b>	PTC Series A	December 8, 2023	7.50%	August 25, 2028	78.54	[ICRA]AAA(SO)
<b>Shri Trust AV 2024</b>	PTC Series A	December 8, 2023	7.50%	March 25, 2028	125.80	[ICRA]AAA(SO)
<b>Shri Trust AY 2024</b>	PTC Series A	January 30, 2024	7.63%	June 25, 2028	94.49	[ICRA]AAA(SO)

Source: Company

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

Not applicable



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