

October 17, 2025

Shriram Finance Limited: Ratings reaffirmed for PTCs issued under two vehicle loan securitisation transactions

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Sansar June 2024 III Trust	PTC Series A	847.76	847.76	339.08	[ICRA]AAA(SO); reaffirmed
Sansar June 2024 V Trust	PTC Series A	805.97	805.97	452.98	[ICRA]AAA(SO); reaffirmed
	Equity tranche	70.08	70.08	70.08	[ICRA]A-(SO); reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by commercial vehicle (CV), passenger vehicle (PV) and construction equipment (CE) loan receivables originated by Shriram Finance Limited (SFL; rated [ICRA]AA+ (Stable)).

The ratings reaffirmation factors in the build-up of the credit enhancement cover on account of high amortisation and healthy pool performance. The ratings also draw comfort from the fact that the breakeven collection efficiency is comfortably below the actual collection level observed in the pools till the September 2025 payout month.

Pool performance summary

Parameter	Sansar June 2024 III Trust	Sansar June 2024 V Trust
Payout month	September 2025	September 2025
Months post securitisation	14	12
Pool amortisation	54.6%	40.3%
PTC amortisation		
Series A/A1	60.0%	48.3%
Equity tranche	-	0.0%
Cumulative collection efficiency ¹	105.9%	101.7%
Cumulative prepayment rate	16.7%	9.0%
Average monthly prepayment rate	1.3%	0.8%
Loss-cum-90+ days past due (dpd ² ; % of initial pool)	2.05%	2.57%
Loss-cum-180+ dpd ³ (% of initial pool)	1.0%	1.7%
Cumulative cash collateral (CC) utilisation	0.0%	0.0%
Breakeven collection efficiency ⁴ for PTC Series A/A1	66.0%	72.1%
CC (% of balance pool)	7.7%	8.4%
Excess interest spread (EIS; % of balance pool) for PTC A/A1 ⁵	12.7%	11.5%

¹ Cumulative collections till date (including advance collections)/(Cumulative billings till date + Opening overdue)

² Inclusive of Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

³ Inclusive of Unbilled and overdue principal portion of contracts delinquent for more than 180 days, as a % of Initial pool principal

⁴ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

⁵ (Pool cash flows – Cash flows to PTC)/Pool principal outstanding

Transaction structure

The monthly cash flow schedule for **Sansar June 2024 III Trust** will comprise the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. However, on the occurrence of predefined acceleration events, the residual EIS every month shall be utilised for accelerating the principal payment due to PTC Series A. An acceleration event would be triggered by service default and replacement of the servicer if the 150+ days past due (dpd) exceeds 5% of the outstanding pool principal. Any prepayment in the pool would be used for the prepayment of the PTC Series A principal.

Sansar June 2024 V Trust has a two-tranche structure, whereby the equity tranche (8.00% of the initial pool principal) is subordinated to PTC Series A (92.00%). As per the transaction structure, the monthly cash flow schedule will comprise the promised interest payout to PTC Series A while the interest payout to the equity tranche will be on expected basis. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) to PTC Series A but is promised on the final maturity date. Any surplus 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 the PTC Series A principal. After the maturity of PTC Series A, a similar structure with respect to principal payment, surplus EIS and prepayment would be followed for the equity tranche.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed all the transactions, basis the cash collateral (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 present rating [B]	CC that can be released [C] = 60% * (A - B)	Revised CC limit [D] = (A - C)
Sansar June 2024 III Trust	32.61	19.56	7.83	24.78

Amount in Rs. crore

Key rating drivers and their description

Credit strengths

Adequate servicing capability of SFL – SFL, which is also servicing the loans in the transaction, has a well-established track record of more than four decades in the preowned commercial vehicle financing business and has adequate underwriting policies and collection procedures across a wide geography. It also has satisfactory processes for servicing the loan accounts in the securitised pool.

Build-up of credit enhancement available in the structure – The ratings factor in the build-up in the credit enhancement cover with the CC increasing to ~8% of the balance pool principal for both pools. Internal credit support is also available through the EIS for the transactions.

Healthy pool performance – Delinquencies in the harder buckets remained moderate with the loss-cum-90+ days past due (dpd; as percentage of initial pool principal) and the loss-cum-180+ dpd at 2.0% and 1.0%, respectively, for Sansar June 2024 III Trust and at 2.6% and 1.7%, respectively, for Sansar June 2024 V Trust. Nevertheless, the performance of the pools has been healthy with a cumulative collection efficiency (including advances) of more than 100% till the September 2025 payout month while the breakeven collection efficiency remains comfortably below the monthly collection efficiency.

Credit challenges

Risks associated with lending business – The pools' performance would remain exposed to macroeconomic 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 the surveillance of asset-backed securitisation (ABS) transactions involves the simulation of potential delinquencies, losses (shortfall in principal collection during the balance tenor of the pool) and prepayments in the pool. The assumptions for the loss and coefficient of variation (CoV) are arrived at after considering the past performance of the Originator's portfolio and rated pools as well as the performance and characteristics of the specific pool being evaluated. Additionally, the assumptions may be adjusted to factor in the current operating environment and any industry-specific factors that ICRA believes could impact the performance of the underlying pool of contracts.

For the current pools, ICRA has estimated the shortfall in the pool principal collection and prepayments during its tenure as provided in the following table:

S. no.	Transaction name	Estimated shortfall (% of initial pool principal)	Prepayment
1	Sansar June 2024 III Trust	2.50%	4.8% - 18.0% p.a.
2	Sansar June 2024 V Trust	3.50%	4.8% - 18.0% p.a.

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 ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction name	Sansar June 2024 III Trust	Sansar June 2024 V Trust
Originator	Shriram Finance Limited	
Servicer	Shriram Finance Limited	
Trustee	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited
CC holding bank	JPMC	Deutsche Bank
Collection and payout account bank	JPMC	Deutsche Bank

Liquidity position

PTC Series A of Sansar June 2024 III Trust: Superior

The liquidity for the instrument is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is ~6.25 times the estimated loss for the pool.

PTC Series A of Sansar June 2024 V Trust: Strong

The liquidity for the instrument is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is ~4.75 times the estimated loss for the pool.

Equity tranche of Sansar June 2024 V Trust: Adequate

The liquidity for the instrument is adequate after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is ~2.50 times the estimated loss for the pool.

Rating sensitivities

Positive factors – Not applicable for PTC Series A of Sansar June 2024 III Trust and Sansar June 2024 V Trust

The rating for the equity tranche of Sansar June 2024 V Trust can be upgraded on the sustained strong collection performance of the underlying pool of contracts, resulting in an increase in the credit enhancement cover available.

Negative factors – Pressure on the ratings could emerge on sustained weak collections, resulting in higher-than-expected delinquency levels. Weakening in the credit profile of the servicer could also exert pressure on the ratings.

Analytical approach

The rating action is based on the performance of the pools till September 2025 (payout month), the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of the pools.

Analytical approach	Comments
Applicable rating methodologies	Securitisation Transactions
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 an upper layer non-banking financial company. Based on the National Company Law Tribunal order dated November 14, 2022, the operations of Shriram City Union Finance Limited (SCUF) and Shriram Capital Limited (SCL) were merged with STFC, which 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 more than 3,700 branches and other offices. As on June 30, 2025, SFL's assets under management (AUM) stood at Rs. 2.72 lakh crore comprising commercial vehicle finance (45%), passenger vehicle finance (21%), CE and farm equipment finance (8%), small and medium-sized enterprise (SME) lending (14%), personal loans (4%), gold loans (2%) and two-wheeler loans (6%).

Key financial indicators

Shriram Finance Limited (standalone)	FY2024	FY2025	Q1 FY2026
Total income	34,998	41,859	11,542
Profit after tax	7,190	9,761	2,156
Total managed assets	2,52,802	3,11,330	3,23,253
Gross stage 3 assets	5.5%	4.6%	4.5%
Capital-to-risk weighted assets ratio	20.3%	20.7%	20.8%

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

Total managed assets = Total assets + Impairment allowance + Direct assignment – Goodwill.

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
				October 17, 2025	October 09, 2024	June 28, 2024	-	-
1 Sansar June 2024 III Trust	PTC Series A	847.76	339.08	[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
				October 17, 2025	October 18, 2024	September 24, 2024	-	-
2 Sansar June 2024 V Trust	PTC Series A	805.97	452.98	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-
	Equity tranche	70.08	70.08	[ICRA]A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

Complexity level of the rated instrument

Trust	Instrument	Complexity indicator
Sansar June 2024 III Trust	PTC Series A	Moderately Complex
Sansar June 2024 V Trust	PTC Series A	Moderately Complex
	Equity tranche	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

ISIN	Trust name	Instrument type	Date of issuance/sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating
NA	Sansar June 2024 III Trust	PTC Series A	June 28, 2024	8.75%	July 25, 2029	339.08	[ICRA]AAA(SO)
NA	Sansar June 2024 V Trust	PTC Series A	September 20, 2024	8.75%	August 20, 2029	452.98	[ICRA]AAA(SO)
		Equity tranche		Residual		70.08	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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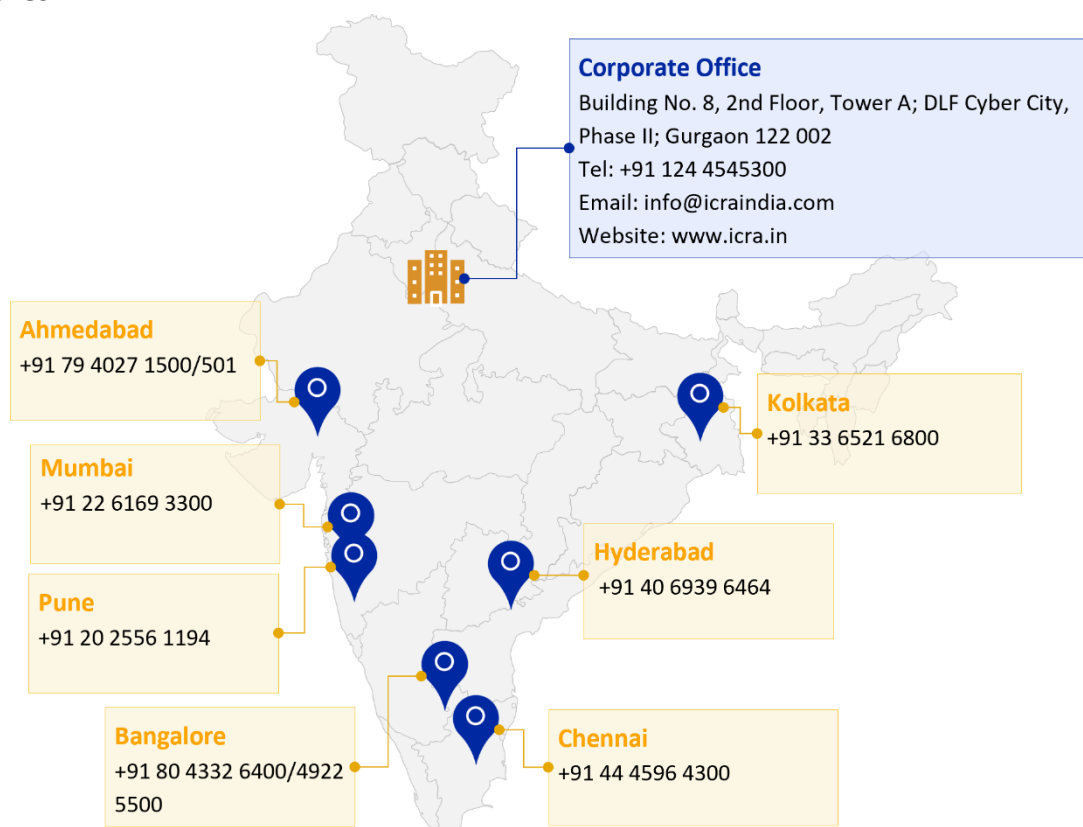


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