December 15, 2025

Shriram Finance Limited: Provisional ratings assigned to PTCs backed by commercial vehicle, passenger vehicle, construction equipment and two wheeler loan receivables issued by Sansar Nov 2025 Trust

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Sansar Nov 2025 Trust	Series A1 PTCs	943.29	Provisional [ICRA]AAA(SO); assigned

**Instrument details are provided in Annexure I*

Rating in the absence of pending actions/documents	No rating would have been assigned as it would not be meaningful

Rationale

The pass-through certificates (PTCs) are backed by a pool of commercial vehicle, passenger vehicle, construction equipment and two-wheeler loan receivables originated by Shriram Finance Limited {SFL/Originator; rated [ICRA]AA+ (Stable)} with an aggregate principal outstanding of Rs. 1,048.10 crore (pool receivables of Rs. 1,316.92 crore). SFL would be the servicer for the transaction.

The provisional ratings are based on the strength of the cash flows from the selected pool of contracts along with the eligibility criteria on follow on pools, the credit enhancement available in the structure as well as the integrity of the legal structure. The provisional rating is subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

Transaction structure

As per the transaction structure, the tenure of the pool shall be divided into– replenishment period and amortisation period.

Replenishment period

The replenishment period will be for 12 months from the date of assignment or until early amortisation triggers are breached. During this period, Series A1 PTCs investor will receive only the promised interest payouts each month. The balance pool collections will be used by the trust to purchase fresh loan receivables from SFL as per the pre-defined selection criteria. The monthly replenishment amounts will be to the extent that the outstanding PTC principal does not exceed 84.51% of the outstanding cash collateral and outstanding pool principal up to 90 days past due. The excess interest collections in surplus of the promised payouts to Series A1 PTC will be passed on to Series A2 PTCs as residual yield on a monthly basis. The transaction also entails certain trigger events for early amortisation. A breach of any of these trigger events would lead to the end of the replenishment period and the start of the amortisation period.

Amortisation period

Post the replenishment period, the residual pool collections, after meeting the promised interest payouts to the PTC investors, shall be used to make the expected principal payouts to the PTC investors. However, the principal is promised to the investors only on the legal final maturity date of the transaction.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 6.50% of the initial pool principal, amounting to Rs. 68.13 crore, to be provided by the Originator, (ii) principal subordination of 10.00% of the initial pool principal for Series A1 PTCs and (iii) the excess interest spread (EIS) in the structure. The initial spread i.e. difference between the pool and PTC interest rate is 9.90%.

The transaction also has liquidity facility i.e. 1% of the initial pool principal amounting to Rs. 10.48 crore which shall be in the form of fixed deposit placed with bank. The liquidity facility shall be utilised to cover shortfall in collections from receivables up to 90 days only. Further, the liquidity facility shall not be available in the event CC utilisation reached 90% of the stipulated CC. Reinstatement of liquidity facility would be senior to PTC payouts.

Eligibility Criteria

Each of the Loans, the Identified Receivables which have been identified for securitisation comply with the following criteria:

1. All the Loans meet the extant regulations set out in the RBI Master Directions (Securitisation of Standard Assets), 2021;
2. Minimum 3 months have passed as of cut-off date since the first payment date for contracts with a tenure of 24 months or lower and 6 months for the other contracts.
3. All contracts are current as of the cut-off date
4. All loans availed by a Borrower with multiple loans from SFL must be current as of the Cut-off Date;
5. None of the Loans have been delinquent in the last 12 months;
6. Loans should not have been restructured;
7. All the Loans shall have been extended for buying of new two-wheelers or used/new commercial vehicles or new/used passenger vehicles or new/used construction equipment and are secured by the financed assets
8. None of two wheeler Loans have a Net Loan to Value Ratio more than 90% (Ninety Percent) at the time origination;
9. None of the vehicle Loans have a Net Loan to Value Ratio more than 95% (Ninety Five Percent) at the time origination;
10. None of the two wheeler Loans should have a residual tenure of more than 30 months;
11. None of the Loans should have maturity date beyond October 31, 2030;
12. None of the two wheeler Loans have a rate of interest exceeding 26%;
13. None of the commercial vehicle/passenger vehicle Loans/ equipment Loans have a rate of interest less than 13% during the Replenishment Period;
14. None of the passenger vehicle loans, commercial vehicle Loans and equipment Loans have a rate of interest exceeding 18% (Eighteen Percent);
15. None of the two wheeler Loans have a rate of interest less than 19% (Nineteen Percent) during the Replenishment Period;
16. Maximum ticket size of the two wheeler Loans is Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only);
17. Maximum ticket size of the commercial vehicle/passenger vehicle Loans/ equipment Loans is Rs. 15,00,000/- (Rupees Fifteen Lakhs Only);
18. All loans should have equal monthly payments that include both principal and interest;
19. None of the Loans have been originated in Jammu & Kashmir and Manipur;
20. The two wheeler Loans have been granted to finance the purchase of two-wheelers of Bajaj, Hero, Honda, Piaggio, Suzuki, Yamaha or TVS;
21. None of the Underlying Assets are electric vehicles;
22. All the loans have been granted in Indian Rupees;
23. None of the Loans are purchased from other entities;
24. The seller has complied with all the extant guidelines issued by RBI pertaining to KYC with respect to each of the obligors;
25. The Seller has not/ should have not initiated, nor should it currently propose to initiate legal/ or repossession action against any Obligors;
26. All of the Loans have NACH mandate with the Seller;

27. All the loans shall be free from any encumbrances and charges;
28. There are no outstanding obligations, on the part of Seller, to be performed under the Loan Agreements;
29. No security deposits have been taken as security in relation to any of the Loans;
30. The pool does not contain contracts/Loans purchased from other entities.
31. None of the Loans have bullet repayment of both principal and interest;
32. All Loans are originated in accordance with the normal underwriting criteria of the Seller;
33. To the best knowledge of the Seller, there is no evidence indicating likely deterioration in the performance status of the Identified Receivables;
34. No individual Borrower would account for more than 0.25% (Zero Decimal Point Two Five Percent) of the initial pool principal;
35. No single branch account would account for more than 1.5% (One Decimal Point Five Percent) of the initial pool principal;
36. No single state would account for more than 25% (Twenty Five Percent) of the initial pool principal;
37. At least 27% (Twenty Seven Percent) of the Loans should be two wheeler Loans;
38. The seller is sole and legal beneficial owner of the loans.

Trigger/Early amortisation events (applicable during replenishment period)

a) Seller is not able to provide sufficient assets that meet the eligibility criteria & pool characteristics for two consecutive months (unless consented by the investors holding the majority interest for an extension) during the replenishment period.
b) Servicer defaults on any of its outstanding debt
c) Servicer is admitted in to insolvency proceedings
d) Domestic rating of Servicer by any rating agency is downgraded by two notches or higher
e) The Seller has posted losses for two consecutive quarters
f) Advance rate exceeds Advance rate cap on replenishment
g) Cash reserve is used for interest payment
h) 30+ dpd exceeds 5.0% of the eligible pool in any month during replenishment
i) Gross stage 3 of the originator exceeds 7.5%

Upon the occurrence of a trigger event, replenishment period ends and e amortization period shall come in to effect.

Key rating drivers and their description

Credit strengths

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

Granular pool supported by the presence of credit enhancement – The current pool is granular and basis the eligibility criteria the follow-on pools are also expected to be granular, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool: The initial pool has no overdue contracts as on pool cut-off date. Further any follow-on pool would also not include any overdue contracts on date of assignment to trust which is a credit positive

Credit challenges

Moderate pool selection criteria: A potential concern pertaining to a replenishing structure is the uncertainty regarding the exact composition of the additional receivables. While the current transaction has a specified eligibility criteria the follow on pools may have a lower seasoning, high-interest rate contracts and high share of two wheeler loans.

Risks associated with lending business: The performance of both the initial and the follow-on pools 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. Both the initial and the follow-on pools are exposed to the inherent credit risk associated with the unsecured nature of the asset class and that recovery from delinquent contracts tends to be lower.

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. However, since the pool in the current transaction would be revised during the replenishment period, the characteristics of the pool would change unlike other PTC transactions where the pool is static. ICRA has used the defined eligibility criteria to arrive at a potential loss for the follow-on pools. The resulting collections from the current pool and follow on pools, 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 transaction, ICRA has estimated the shortfall in the principal of the pool crystalised at the end of replenishment period at 4.50% of the initial pool principal at end of its tenure with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18% per annum. 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.

Liquidity position

The liquidity position for Series A1 PTCs is strong after factoring in the credit enhancement available for meeting the promised payouts to the investor. The total credit enhancement would be 5.50 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Since the principal amortisation would begin on the crystallisation of the final pool, the rating is unlikely to be upgraded till the final pool is crystallised.

Negative factors – The rating could be downgraded on the occurrence of a trigger event, non-adherence to the key transaction terms and deterioration in the performance of the follow-on pools such that the delinquencies during the amortisation period are higher than expected. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of SFL's portfolio till September 2025, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

Analytical approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned ratings are provisional and would be converted into final upon the execution of:

1. Trust deed
2. Assignment agreement
3. Legal opinion
4. Trustee compliance letter
5. Chartered Accountant's know your customer (KYC) certificate
6. Any other documents executed for the transaction

Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

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 3,700+ branches and other offices. As of June 30, 2025, SFL had an AUM of Rs. 2.72 lakh crore comprising commercial vehicle finance (45%), passenger vehicle finance (21%), construction equipment 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; Managed gearing includes direct assignment as debt

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. no.	Trust name	Current rating (FY2026)				Chronology of rating history for the past 3 years		
		Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					December 15, 2025	-	-	-
1	**Sansar Nov 2025 Trust**	Series A1 PTCs	943.29	943.29	**Provisional [ICRA]AAA(SO)**	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTCs	Highly 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	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)*	Maturity date	Current rated amount (Rs. crore)	Current rating
Sansar Nov 2025 Trust	Series A1 PTCs	December 19, 2025	7.25%	November 25, 2030	943.29	Provisional [ICRA]AAA(SO)

*Source: Company; *Fixed rate*

Annexure II: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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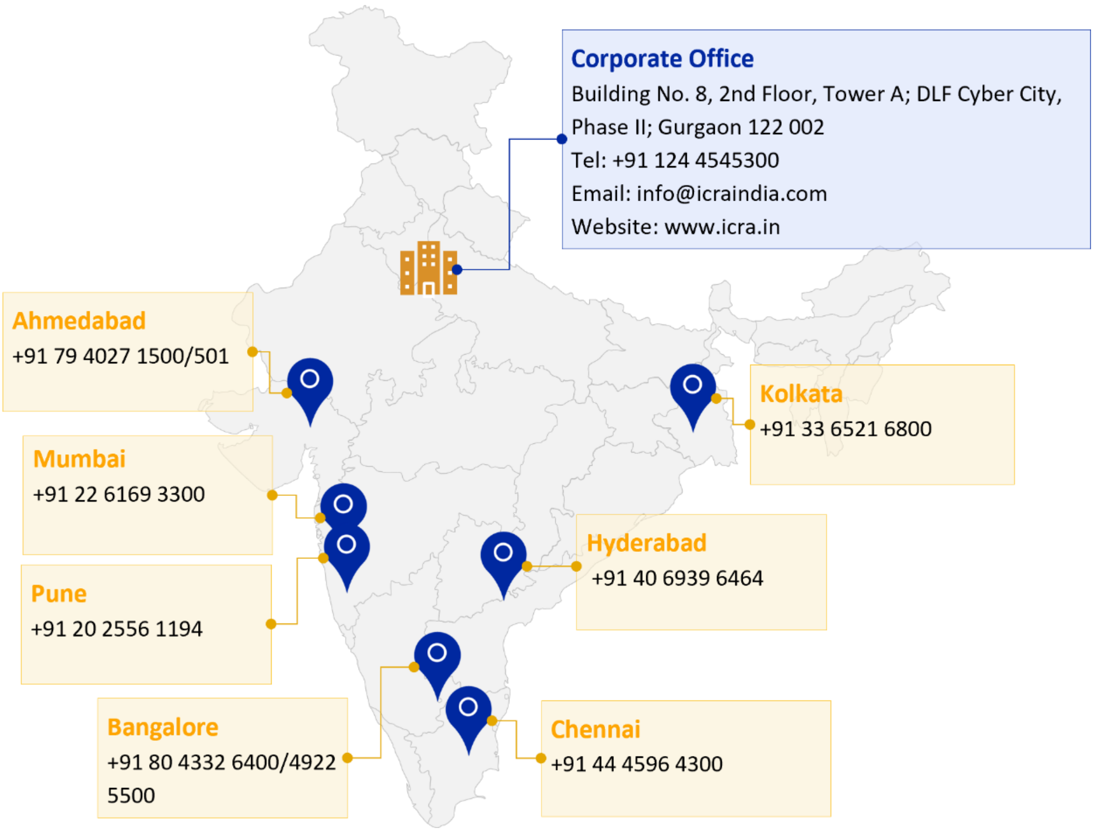

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