

April 24, 2026

## Shriram Finance Limited: Rating actions for PTCs issued under vehicle loan securitisation transaction

### 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 Trust Dec 2023 III	Series A PTCs	252.17	119.18	33.99	[ICRA]AAA(SO); reaffirmed
	Second Loss Facility	13.87	13.87	13.87	[ICRA]A+(SO); upgraded from [ICRA]A-(SO)

\*Instrument details are provided in Annexure II

### Rationale

The pass-through certificates (PTCs) are backed by commercial vehicle (CV), passenger vehicle (PV) and two-wheeler(TW) loan receivables originated by Shriram Finance Limited {SFL; rated [ICRA]AAA (Stable)}.

The ratings actions factor 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 March 2026 payout month.

### Pool performance summary

Parameter	Sansar Trust Dec 2023 III
Payout month	March 2026
Months post securitisation	26
Pool amortisation	86.5%
PTC amortisation	
Series A/A1	86.5%
Second Loss Facility	-
Cumulative collection efficiency <sup>1</sup>	100.7%
Cumulative prepayment rate	16.7%
Average monthly prepayment rate	0.7%
Loss-cum-90+ dpd <sup>2</sup> (% of initial pool)	0.7%
Loss-cum-180+ dpd <sup>3</sup> (% of initial pool)	0.8%
Cumulative cash collateral (CC) utilisation	0.0%
CC (% of balance pool)	77.9%
Excess interest spread (EIS; % of balance pool) for PTC A/A1 <sup>4</sup>	6.0%

### Transaction structure

As per the transaction structure, the monthly cash flow schedule will comprise the promised interest payments to Series A PTCs at the predetermined interest rate on the principal outstanding and the entire principal on the final maturity date (May 18, 2028). During the tenure of Series A PTCs, the collections from the pool, after making the promised interest payouts to

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

<sup>2</sup> Inclusive of Unbilled and Overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

<sup>3</sup> Inclusive of Unbilled and Overdue principal portion of contracts delinquent for more than 180 days, as a % of Initial pool principal

<sup>4</sup> (Pool cash flows – Cash flows to PTC) / Pool principal outstanding

Series A PTCs, will be used to make the expected principal payouts to Series A PTCs (100% of the pool principal billing). However, this principal payout is not promised and any shortfall in making the expected principal payment to Series A PTCs would be carried forward to the subsequent payout.

## 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 in the pre-owned commercial vehicle financing business of more than four decades 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 rating factors in the build-up in the credit enhancement with CC increasing to ~78% of the balance pool principal. Internal credit support is also available through EIS for the transaction.

**Healthy pool performance** – Delinquencies in the harder bucket with the loss-cum-90+ days past due (dpd; as percentage of initial pool principal) and loss-cum-180+ dpd have remained low at ~0.9% and ~0.8%, respectively. The performance of the pool has been healthy with cumulative collection efficiency (including advances) upwards of ~100% till March 2026 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 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 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 the 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 pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 0.75% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18.0% 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 ratings for the instruments.

## Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Sansar Trust Dec 2023 III
Originator	Shriram Finance Limited
Servicer	Shriram Finance Limited
Trustee	IDBI Trusteeship Services Limited
CC holding Bank	Kotak Mahindra Bank
Collection and payout account Bank	Kotak Mahindra Bank

## Liquidity position

### Superior: For Series A PTCs and second loss facility

The liquidity for the instruments is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is more than 10 times and ~7.75 times the estimated loss for the pool for Series A PTC and second loss facility respectively.

## Rating sensitivities

**Positive factors** – Not applicable for Series A PTCs; For SLF – The rating 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 (SFL) could also exert pressure on the ratings.

## Analytical approach

The rating action is based on the performance of the pool till March 2026 (payout month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Securitisation Transactions</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 an upper 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 Limited (SCUF) and Shriram Capital Limited 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 December 31, 2025, SFL had a standalone AUM of Rs. 2.92 lakh crore comprising commercial vehicle finance (46%), passenger vehicle finance (22%), loans to micro, small and medium-sized enterprises (MSMEs; 14%), construction equipment and farm equipment finance (7%), two-wheeler loans (6%), personal loans (3%) and gold loans (2%).

### Key financial indicators

Shriram Finance Limited (standalone)	FY2024	FY2025	9M FY2026
Total income	34,998	41,859	35,650
Profit after tax	5,979	7,190	6,985
Total managed assets	2,52,802	3,10,141	3,36,377
Gross stage 3 assets	5.5%	4.6%	4.5%
Capital-to-risk weighted assets ratio	20.3%	20.7%	20.3%

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

Trust name	Instrument	Current rating (FY2027)		Chronology of rating history for the past 3 years			
		Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				Apr 24, 2026	Apr 21, 2025	Apr 17, 2024	Dec 29, 2023
Sansar Trust Dec 2023 III	Series A PTCs	252.17	33.99	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)
	Second Loss Facility	13.87	13.87	[ICRA]A+(SO)	[ICRA]A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

- (\\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.  
 (%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure :** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

### Complexity level of the rated instrument

Trust	Instrument	Complexity indicator
Sansar Trust Dec 2023 III	Series A PTCs	Highly Complex
	Second Loss Facility	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 II: 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 Trust Dec 2023 III	Series A PTCs	December 27, 2023	8.75%	May 18, 2028	33.99	[ICRA]AAA(SO)
		Second Loss Facility		-		13.87	[ICRA]A+(SO)

Source: Company

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

Not applicable

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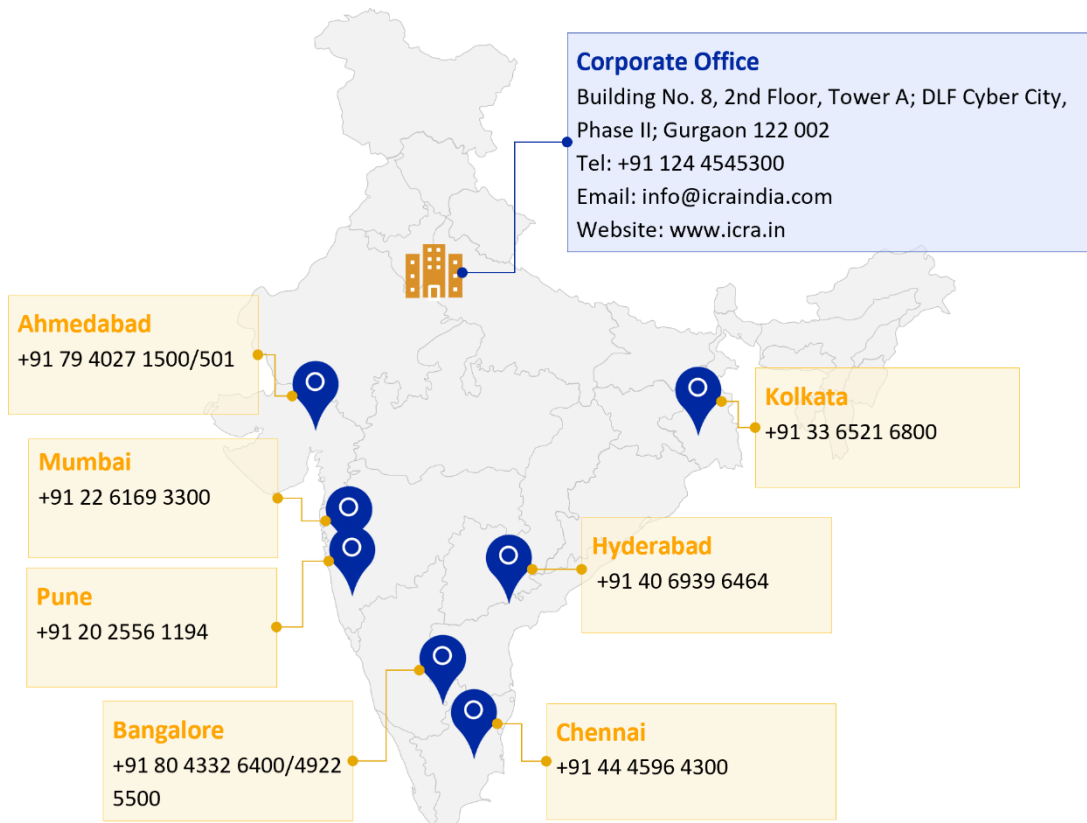
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