

April 24, 2026

Shriram Finance Limited: Ratings reaffirmed for PTCs issued under secured MSME 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	Series A1 PTC	495.02	220.86	52.68	[ICRA]AAA(SO); reaffirmed
	Series A2 PTC	55.02	54.67	54.67	[ICRA]A-(SO); reaffirmed

*Instrument details are provided in Annexure II

Rationale

The pass-through certificates (PTCs) are backed by secured micro, small and medium enterprise (MSME) loan receivables originated by Shriram Finance Limited {SFL; rated [ICRA]AAA (Stable)}.

The ratings reaffirmation 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 pool till the March 2026 payout month.

Pool performance summary

Parameter	Sansar Trust Dec 2023
Payout month	March 2026
Months post securitisation	26
Pool amortisation	75.4%
PTC amortisation	
Series A1 PTC	80.4%
Series A2 PTC	-
Cumulative collection efficiency ¹	98.0%
Cumulative prepayment rate	24.9%
Average monthly prepayment rate	1.1%
Loss-cum-90+ dpd ² (% of initial pool)	1.7%
Loss-cum-180+ dpd ³ (% of initial pool)	0.7%
Cumulative cash collateral (CC) utilisation	0.0%
CC (% of balance pool)	15.2%
Subordination (% of balance pool) for Series A1 PTC	50.0%
Excess interest spread (EIS; % of balance pool) for Series A1 PTC ⁴	66.7%

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

Transaction structure

As per the transaction structure, the scheduled cash flow promised to Series A1 PTC on each payout date will comprise the interest payments to Series A1 PTC at the predetermined interest rate on the principal outstanding while the monthly principal payments will be on expected basis and are promised on the final maturity date. The collections from the pool, after making the promised interest payouts to Series A1 PTC, will be utilised to make the expected principal payments to Series A1 PTC (100% of the pool principal billing). However, this principal payout is not promised and any shortfall in making the expected principal payment to Series A1 PTC would be carried forward to the subsequent payouts. After utilising prepayments for the payment of the principal portion of Series A1 PTC, payment will be made towards the expected principal payout to Series A2 PTC. Upon the payment of Series A1 PTC in full, the collections from the pool will be used to make the expected principal payouts (100% of principal billed) to Series A2 PTC. Following the reinstatement of the external CE, the EIS, after meeting the promised payouts, will be passed on to the originator on a monthly basis.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the pool, basis the cash collateral (CC) mentioned in the table provided below. Based on the pools' performance, the current 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 PTCs 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 Trust Dec 2023	16.61	4.98	6.98	9.63

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 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 the cash collateral (CC) at 15.2% and subordination at 50.0% increasing from 3% and 10% respectively at the time of the securitisation of the pool. Further, there have been no instances of CC utilisation till date owing to the strong collection performance and the presence of subordination and EIS in the transactions.

Healthy pool performance – The pools' performance has been healthy with a cumulative collection efficiency of ~98% till the March 2026 payout month. This has resulted in low delinquencies with the 90+ days past due (dpd) at 1.7%. The breakeven collection efficiency is also low compared to the collection efficiency observed in the pool.

Credit challenges

Exposure to interest rate risk – The transaction is exposed to interest rate risk as the underlying pool has fixed rate loans while the yield on the PTC is floating (linked to RBI repo rate plus a fixed spread of 210 bps).

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 2.25% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 6.0% to 20.0% 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
Originator	Shriram Finance Limited
Servicer	Shriram Finance Limited
Trustee	Axis Trustee Services Limited
CC holding Bank	Axis Bank Limited
Collection and payout account Bank	Axis Bank Limited

Liquidity position

For Series A1 PTC: Superior

The liquidity position for Series A1 PTC is superior after factoring in the CE available for meeting the promised payouts to the investor. The total CE is more than 10 times the estimated loss in the pool.

For Series A2 PTC: Strong

The liquidity position for Series A2 PTC is strong after factoring in the CE available for meeting the promised payouts to the investor. The total CE would be 5.75 times the estimated loss in the pool.

Rating sensitivities

For Series A1 PTC - Not applicable

For Series A2 PTC - The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels and lower credit enhancement utilisation levels, would result in a rating upgrade.

Negative factors – The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (SFL) could also exert pressure on the rating.

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	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 (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 24, 2025	Apr 18, 2024	Dec 29, 2023
Sansar Trust Dec 2023	Series A1 PTC	495.02	52.68	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)
	Series A2 PTC	55.02	54.67	[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, Series A2 PTC 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	Series A1 PTC	Highly Complex
	Series A2 PTC	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	Series A1 PTC	December 29, 2023	8.60%*	November 22, 2029	52.68	[ICRA]AAA(SO)
		Series A2 PTC		-		54.67	[ICRA]A-(SO)

Source: Company

*Floating, linked to RBI Policy repo rate plus fixed spread of 210 bps

Annexure III: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Sagar

+91 124 4545 316

manushrees@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Anubhav Agrawal

+91 22 6114 3439

anubhav.agrawal@icraindia.com

Arijit Datta

+91 22 6114 3433

arijit.datta@icraindia.com

Swapnali Chavan

+91 22 6114 3412

swapnali.chavan@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar

+91 22 6114 3304

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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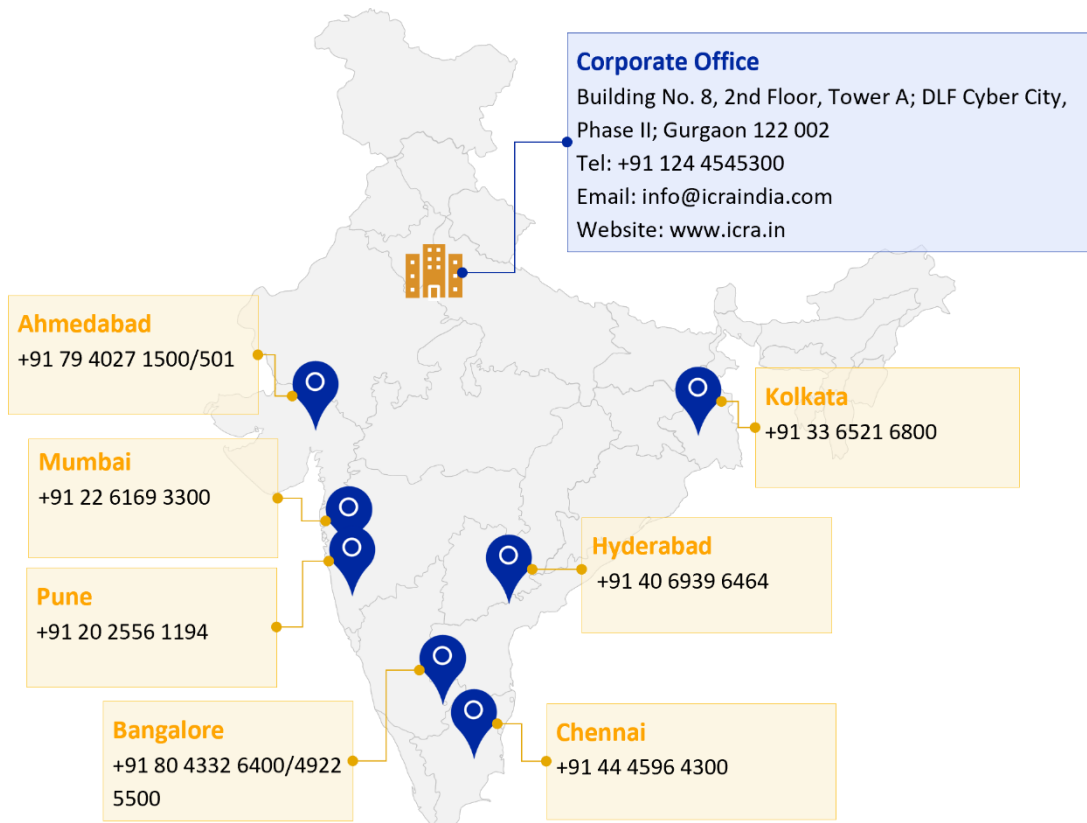
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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