

May 25, 2026

## Sundaram Finance Limited: Ratings reaffirmed for three PTCs issued under vehicle loan securitisation transaction

### 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 BK 2025	PTC Series A	342.84	342.84	232.52	[ICRA]AAA(SO); reaffirmed
Shri Trust BL 2025	PTC Series A	357.50	357.50	241.97	[ICRA]AAA(SO); reaffirmed
Shri Trust BM 2025	PTC Series A	281.20	281.20	183.01	[ICRA]AAA(SO); reaffirmed

\*Instrument details are provided in Annexure II

### 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 transaction. 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 April 2026 payout month.

### Pool performance summary

Parameter	Shri Trust BK 2025	Shri Trust BL 2025	Shri Trust BM 2025
Payout month	April 2026	April 2026	April 2026
Months post securitisation	11	11	11
Pool amortisation (%)	32.7%	33.4%	36.0%
PTC amortisation (%)	32.2%	32.3%	34.9%
Cumulative collection efficiency (%) <sup>1</sup>	100.4%	99.2%	98.8%
Cumulative prepayment rate (%)	3.5%	2.5%	2.4%
Loss-cum-90+ (% of initial pool principal) <sup>2</sup>	0.5%	0.4%	0.1%
Loss-cum-180+ (% of initial pool principal) <sup>3</sup>	0.2%	0.1%	0.1%
Breakeven collection efficiency (%) <sup>4</sup>	84.3%	85.5%	75.2%
Cumulative cash collateral (CC) utilisation (%)	Nil	Nil	Nil
EIS available (as a % of balance pool)	5.8%	4.6%	3.7%
CC available (as % of balance pool)	10.8%	11.3%	12.5%

<sup>1</sup> Cumulative current and overdue collections (including advances) / 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 BK 2025

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 BL 2025

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 BM 2025

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.

## 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 and in the range of 11 to 12.5% of the balance pool principal as compared to 7% to 8% of initial pool principal at the time of securitisation. Internal credit support is also available through EIS for all the transactions.

**Healthy pool performance** – Performance of all the pools has been strong with cumulative collection efficiency above 98% which has resulted in low delinquencies with the 90+ days past due (dpd) being sub 0.5% as on April 2026 payout month. Further, there have been no instances of cash collateral utilisation till date owing to strong collection performance.

### 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 pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 1.75% for Shri Trust BK 2025 and Shri Trust BL 2025 and 1.25% for Shri Trust BM 2025 with certain variability around it. The average prepayment rate for the underlying pool is assumed at 4.8% to 18% 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 rating for the instrument.

## Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction Name	Shri Trust BK 2025	Shri Trust BL 2025	Shri Trust BM 2025
<b>Originator</b>	Sundaram Finance Limited	Sundaram Finance Limited	Sundaram Finance Limited
<b>Servicer</b>	Sundaram Finance Limited	Sundaram Finance Limited	Sundaram Finance Limited
<b>Trustee</b>	IDBI Trusteeship Services Limited	Sbicap Trustee Company Limited	Sbicap Trustee Company limited
<b>CC bank</b>	IDBI Bank	State Bank of India	State Bank of India
<b>Collection and payout account bank</b>	IDBI Bank	State Bank of India	State Bank of India

## Liquidity position

### Shri Trust BK 2025: Strong

The liquidity position for PTC Series A is strong after factoring in the credit enhancement available for meeting the promised payouts to the investor. The total credit enhancement would be ~5.25 times the estimated loss in the pool.

### Shri Trust BL 2025: Strong

The liquidity position for PTC Series A is strong after factoring in the credit enhancement available for meeting the promised payouts to the investor. The total credit enhancement would be ~5.25 times the estimated loss in the pool.

### Shri Trust BM 2025: Superior

The liquidity position for PTC Series A is superior after factoring in the credit enhancement available for meeting the promised payouts to the investor. The total credit enhancement would be ~6.75 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – Pressure on the ratings could emerge due to sustained weak collection performance of the underlying pool (monthly collection efficiency of <90%), 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 ratings.

## Analytical approach

The rating action is based on the performance of the pool till the April 2026 payout 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 TSF Group. It is one of the large NBFCs in the country with AUM of Rs. 55,419 crore as of September 2025. 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).

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

SFL – Standalone	FY2024	FY2025	H1 FY2026
	Audited	Audited	Provisional
Total income	5,494	6,596	3,704
Profit after tax	1,454	1,543	823
Total managed assets	51,443	59,752	66,213
Gross stage 3	1.3%	1.4%	2.0%
Capital-to-risk weighted assets ratio (CRAR)	20.5%	20.4%	19.3%

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

Current Rating (FY2027)					Chronology of Rating History for the Past 3 Years		
Trust Name	Instrument	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
				May 25, 2026	May 27, 2025	Mar 25, 2025	-
1 Shri Trust BK 2025	PTC Series A	342.84	232.52	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

Current Rating (FY2027)					Chronology of Rating History for the Past 3 Years		
Trust Name	Instrument	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
				May 25, 2026	May 27, 2025	Mar 27, 2025	-
2 Shri Trust BL 2025	PTC Series A	357.50	241.97	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

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
				May 25, 2026		May 27, 2025	Mar 27, 2025	-
<b>3</b> <b>Shri Trust BM 2025</b>	PTC Series A	281.20	183.01	[ICRA]AAA(SO)		[ICRA]AAA(SO)	Provisional [ICRA]AAA(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 Name	Instrument	Complexity Indicator
Shri Trust BK 2025	PTC Series A	Highly Complex
Shri Trust BL 2025	PTC Series A	Highly Complex
Shri Trust BM 2025	PTC Series A	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**

Trust Name	Instrument Type	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Rated Amount (Rs. crore)	Current Rating
Shri Trust BK 2025	PTC Series A	March 25, 2025	6.65%	April 22, 2030	232.52	[ICRA]AAA(SO)
Shri Trust BL 2025	PTC Series A	March 27, 2025	7.15%	March 25, 2030	241.97	[ICRA]AAA(SO)
Shri Trust BM 2025	PTC Series A	March 27, 2025	7.15%	March 25, 2030	183.01	[ICRA]AAA(SO)

Source: Company

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

Not applicable

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