

June 29, 2026

Shri Ram Finance Corporation Private Limited: Rating reaffirmed for PTCs issued under a two-wheeler loan receivables 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
Horse 2025	Series A1 PTC	53.44	-	41.98	[ICRA]A-(SO); Reaffirmed

*Instrument details are provided in Annexure II

Rationale

The pass-through certificates (PTCs) are backed by a pool of two-wheeler loan receivables originated by Shri Ram Finance Corporation Private Limited (SRFCL/Originator). SRFCL is also acting as the servicer for the transaction.

The rating reaffirmation factors in the build-up of the credit enhancement cover over the future PTCs payouts on account of amortisation of the pool. The rating also draws comfort from the fact that the breakeven collection efficiency is comfortably lower compared to the actual collection level observed in the pool till the May 2026 payout month.

Pool performance summary

A summary of the performance of the pool till the April 2026 collection month (May 2026 payout) has been tabulated below.

Parameter	Horse 2025
Months post securitisation	14
Pool amortisation	19.34%
Series A1 PTC amortisation	21.46%
Cumulative collection efficiency ¹	95.6%
Cumulative prepayment rate	7.1%
Loss-cum-30+ (% of initial pool principal) ²	9.1%
Loss-cum-90+ (% of initial pool principal) ³	4.3%
Cumulative cash collateral (CC) utilisation	0.0%
CC available (as % of balance pool)	6.20%
Excess interest spread (EIS) over balance tenure (as % of balance pool) for Series A1 PTC	12.29%
Principal subordination (% of balance pool) Series A1 PTC	12.36%
Breakeven collection efficiency ⁴ for Series A1 PTC	73.67%

¹ Cumulative collections till date including advance collections but excluding prepayments / Cumulative billings till date + Opening overdues

² POS on contracts aged 30+ dpd + overdues / Initial POS on the pool

³ POS on contracts aged 90+ dpd + overdues / Initial POS on the pool

⁴ It is the minimum collection efficiency required over the balance tenure to ensure all investor payouts are met: (Balance cash flows payable to PTC investor – CC available) / Balance pool cash flows

Transaction structure

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

Replenishment period

The replenishment period will be for 18 months from the transaction commencement date. During this period, the Series A1 PTC investors will receive only the promised interest payouts on a monthly basis and the balance pool collections will be used by the trust to purchase fresh loan receivables as per the selection criteria such that the pool remains unchanged. If there is any shortfall in assigning eligible contracts, the extent of difference between the principal repayment of the pool and replenishment done for the month shall be used for amortising the PTC. Any residual amount will flow back to the originator.

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. If a trigger event occurs at any time during the replenishment period, then the tenure of the PTCs shall be reduced and will be co-terminus with the remaining tenure of the pool of receivables assigned to the trust.

Amortisation period

Post the replenishment period, the residual pool collections will be utilised to repay Series A1 PTC. The monthly cash flow schedule will comprise of the promised interest payout for Series A1 PTC. The principal for Series A1 PTC 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. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

Key rating drivers and their description

Credit strengths

Build-up of credit enhancement – The rating factors in the build-up in the credit enhancement with the cash collateral (CC) increasing to 6.20% of the balance pool principal from 5.0% at the time of securitisation. Credit support is also available through subordination/over-collateralisation of 12.4% for Series A1 PTC and excess interest spread (EIS) of 12.3% of the balance pool principal.

Healthy pool performance – The pool's performance has been healthy with a cumulative collection efficiency of 95.3% as on May 2026 payout, which has resulted in lower delinquency with the 90+ days past due (dpd) at 2.3%. The break-even collection efficiency is significantly lower than the actual collections seen in the pool. Further, there have been no instances of cash collateral utilisation for the pool till date owing to healthy collection performance and the presence of EIS in the transaction.

Servicing capability of SRFCL – The company has adequate processes for servicing of the loan accounts in the securitised pool. It has demonstrated long track record of regular collections and recovery across a wide geography and multiple economic cycles.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz Madhya Pradesh, Jharkhand and Odisha contributing ~66% to the balance pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's 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 6.25% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4% to 9.0% 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 rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Horse 2025
Originator	Shri Ram Finance Corporation Private Limited
Servicer	Shri Ram Finance Corporation Private Limited
Trustee	SBICAP Trustee Company Limited
CC holding bank	Utkarsh Small Finance Bank
Collection and payout account bank	State Bank of India

Liquidity position: Strong

The liquidity for Series A1 PTC is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~3.00 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating could be upgraded on the sustained strong collection performance of the underlying pools of contracts, leading to lower-than-expected delinquency levels, and on an increase in the cover available for future investor payouts from the credit enhancement.

Negative factors – The rating could be downgraded on the sustained weak collection performance of the underlying pools of contracts, leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. Weakening in the credit profile of the servicer (SRFCL) could also exert pressure on the rating.

Analytical approach

The rating actions are based on the performance of the pool till April 2026 (collection month), the present delinquency profile of the pool, the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Shri Ram Finance Corporation Private Limited (SRFCL) is a Raipur-based asset financing non-deposit taking NBFC, promoted by Mr. Ganesh Bhattar and his family members. The promoters have been engaged in two-wheeler financing through proprietorship concerns since 2004. The company received the NBFC-AFC license from Reserve bank of India in July 2008. Since then, the company has diversified its products into four-wheeler finance, small medium enterprises loans, personal loan to government employees and micro finance loans. Currently, the company has presence in the rural areas of Chhattisgarh, Madhya Pradesh, Odisha, Jharkhand, Maharashtra, Rajasthan, Andhra Pradesh and Uttar Pradesh and operates with a network of 248 branches in 139 districts as on December 31, 2025.

SRFCL reported a profit after tax (PAT) of Rs. 55 crore in FY2025 on total asset base of Rs. 1,454 crore as on March 31, 2025 compared to PAT of Rs. 46 crore on a total asset base of Rs. 1,232 crore as on March 31, 2024. Its net worth stood at Rs. 303.25 crore with managed gearing of 4.0 times as on March 31, 2025 (net worth of Rs. 247.38 crore and managed gearing of 3.9 times respectively as on March 31, 2024). The GNPA and NNPA in relation to gross advances have increased to 2.9% and 2.0%, respectively, as on March 31, 2025 compared to 2.5% and 2.0%, respectively, as on March 31, 2024.

In FY2026, SRFCL reported PAT of Rs. 39 crore on total asset base of Rs. 1,688 crore as on March 31, 2026. Its net worth stood at Rs. 343 crore with managed gearing of 4.2 times as on March 31, 2026.

Key financial indicators (standalone)

Particular for	FY2025 (Audited)	FY2026 (Audited)
Operating Income	315	336
Profit After Tax	55	39
Managed Gearing	4.0	4.2
Gross Stage 3	2.9%	3.7%
CRAR	25.1%	26.0%

Source: 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

Trust Name	Instrument	Current Rating (FY2027)			Chronology of Rating History for the Past 3 Years			
		Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	
								June 29, 2026
Horse 2025	Series A1 PTC	53.44	41.98	[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 Name	Instrument	Complexity Indicator
Horse 2025	Series A1 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	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
NA	Horse 2025	Series A1 PTC	February 28, 2025	11.25%	June 24, 2029	41.98	[ICRA]A-(SO)

Source: Company

Annexure III: List of entities considered for consolidated analysis

Not applicable

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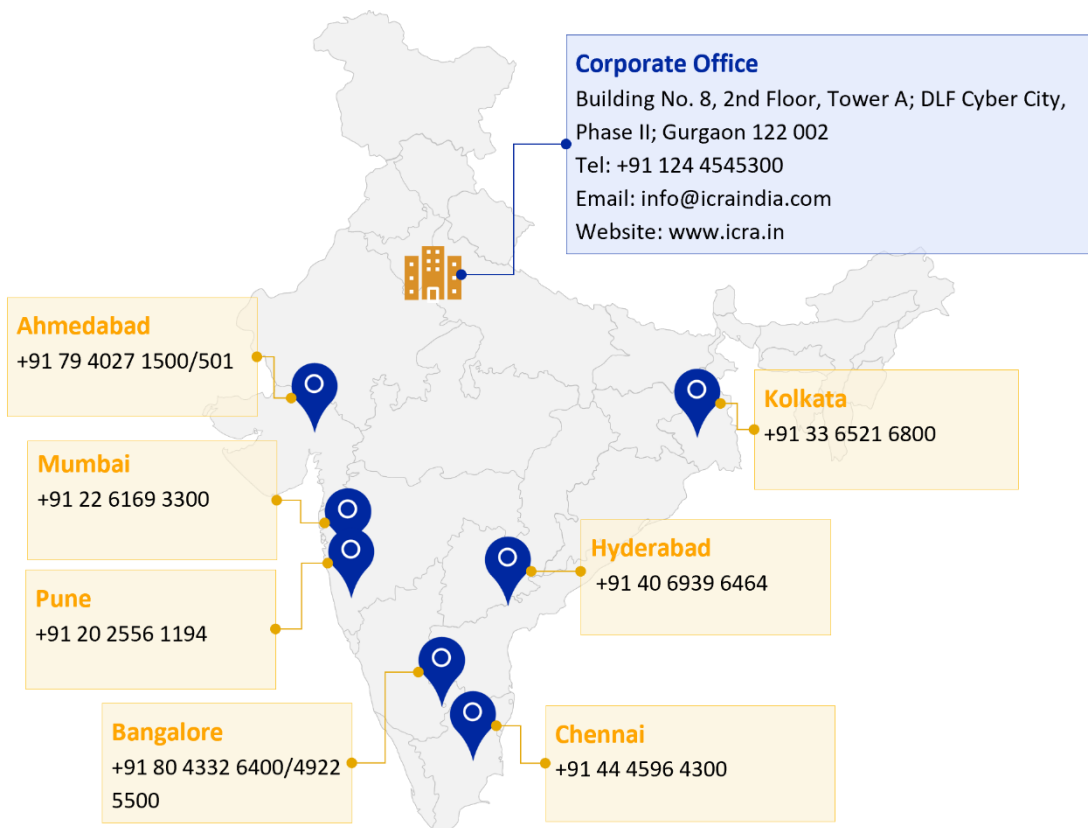
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