July 29, 2026

Shriram Finance Limited: Ratings reaffirmed for PTCs backed by commercial vehicle, equipment and tractor 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	#Financial Sector Regulator
Sansar June 2025 II Trust	PTC Series A1	195.21	195.21	104.75	[ICRA]AAA(SO); Reaffirmed	RBI
	PTC Series A2	83.66	83.66	83.66	[ICRA]AAA(SO); Reaffirmed	RBI
	Second Loss Facility	12.55	13.94	13.94	[ICRA]A-(SO); Reaffirmed	RBI

**Instrument details are provided in Annexure I*

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Rationale

The pass-through certificates (PTCs) are backed by commercial vehicle (CV), passenger vehicle (PV) and construction equipment (CE), tractor loan receivables originated by Shriram Finance Limited {SFL; rated [ICRA]AAA (Stable)[5]}. SFL would be the servicer for the transaction.

The rating reaffirmation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of moderate amortisation and healthy pool performance. The ratings also draw comfort from the fact that the breakeven collection efficiency is comfortably lower compared to the actual collection level observed in the pool till the June 2026 payout month.

Pool performance summary

Parameter	Sansar June 2025 II Trust
Payout month	June 2026
Months post securitisation	12
Pool amortisation	32.4%
PTC amortisation	
Series A1	46.3%
Series A2	0.00%
Cumulative collection efficiency[1]	100.3%
Cumulative prepayment rate	3.5%
Average monthly prepayment rate	0.3%
Loss-cum-90+ days past due (dpd[2]; % of initial pool)	1.3%
Loss-cum-180+ dpd[3] (% of initial pool)	0.0%
Cumulative cash collateral (CC) utilisation	0.0%
Breakeven collection efficiency[4] for PTC Series A1	80.0%
CC (% of balance pool)	14.8%

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[1] *Cumulative collections till date (including advance collections and Overdue)/(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] *(Balance cash flows payable to investor – CC available)/Balance pool cash flows*

[5] *The current rating rationale of the originator, available at this link, provides its detailed rating history and rating transitions.*

Parameter	Sansar June 2025 II Trust
Excess interest spread (EIS; % of balance pool) for PTC A1[5]	23.0%

Transaction structure

As per the transaction structure, the monthly cash flow schedule will comprise the promised interest payout on a pro rata basis to PTC Series A1 and Series A2. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date for both tranches. The collections from the pool, after making the promised interest payouts to the PTCs, will be used to make the expected principal payouts to PTC Series A1. Following the complete repayment of the PTC Series A1 principal, the collections will be used for the expected principal payouts to PTC Series A2. Any 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 the PTC Series A1 principal and, following its complete repayment, towards the prepayment of the PTC Series A2 principal. The cash collateral (CC), if utilised in any month, will not be replenished from the EIS in subsequent months.

Key rating drivers and their description

Credit strengths

Build-up of credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement with CC increasing to ~14% of the balance pool principal compared to 10% during the initial rating. 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) have remained low at ~1.3%. The loss-cum 180+ dpd is nil. The performance of the pool has been healthy with cumulative collection efficiency (including advances) upwards of ~100% till June 2026 payout month while the breakeven collection efficiency remains comfortably below the monthly collection efficiency.

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.

Credit challenges

Risks associated with lending business – The pools' performance would remain exposed to macroeconomic 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 rated pools as well as the performance and characteristics of the specific pool being evaluated.

[5] *(Pool cash flows – Cash flows to PTC)/Pool principal outstanding*

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 at 3.00% at the 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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Sansar June 2025 II Trust
Originator	Shriram Finance Limited
Servicer	Shriram Finance Limited
Trustee	IDBI Trusteeship Services Limited
CC holding Bank	State Bank of India
Collection and payout account Bank	ICICI Bank Limited

Liquidity position

Strong: For PTC Series A1, PTC Series A2 and second loss facility

The liquidity for the instruments is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is 5 times for PTC series A1 and PTC series A2; and 3.5 times the estimated loss for the pool for second loss facility respectively.

Rating sensitivities

Positive factors – Not applicable for PTC Series A1 and PTC Series A2; 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 May 2026 (collection 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	FY2026
Total income	34,998	41,859	48,178
Profit after tax	5,979	7,190	9,998
Total managed assets	2,52,802	3,10,141	3,40,976
Gross stage 3 assets	5.5%	4.6%	4.6%
Capital-to-risk weighted assets ratio	20.3%	20.7%	20.4%

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

			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
					Jul 29, 2026	Jul 18, 2025	Jun 23, 2025	-	-
1	**Sansar June 2025 II Trust**	PTC Series A1	195.21	104.75	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**		
		PTC Series A2	83.66	83.66	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**	-	-
		Second Loss Facility	12.55	13.94	**[ICRA]A-(SO)**	**[ICRA]A-(SO)**	**Provisional [ICRA]A-(SO)**	-	-

Complexity level of the rated instrument

Trust name	Instrument	Rating action
Sansar June 2025 II Trust	PTC Series A1	Highly Complex
	PTC Series A2	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 I: 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	Financial Sector Regulator#
NA	**Sansar June 2025 II Trust**	PTC Series A1	June 27, 2025	6.95%	July 20, 2030	104.75	[ICRA]AAA(SO)	RBI
		PTC Series A2		6.95%		83.66	[ICRA]AAA(SO)	RBI
		Second Loss Facility		Residual		13.94	[ICRA]A-(SO)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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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