

March 19, 2025

## Shriram Finance Limited: Ratings confirmed as final for PTCs backed by vehicle, construction equipment and tractor loan receivables issued by Sansar Aug 2024 X Trust

### Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Sansar Aug 2024 X Trust	PTC Series A1	493.02	[ICRA]AAA(SO); provisional rating confirmed as final
	PTC Series A2	211.30	[ICRA]AAA(SO); provisional rating confirmed as final
	Second loss facility	35.22	[ICRA]A-(SO); provisional rating confirmed as final

\*Instrument details are provided in Annexure I

### Rationale

ICRA had assigned provisional ratings to the pass-through certificates (PTCs) issued by Sansar Aug 2024 X Trust under a securitisation transaction originated by Shriram Finance Limited {SFL/Originator; rated [ICRA]AA+ (Stable)}. The PTCs are backed by a pool of vehicle loan, construction equipment and tractor loan receivables originated by SFL with an aggregate principal outstanding of Rs. 704.32 crore (pool receivables of Rs. 879.18 crore).

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said ratings have now been confirmed as final.

### Pool Performance Summary

Parameter	Sansar Aug 2024 X Trust
Payout month	February 2025
Months post securitisation	2
Pool amortisation	5.25%
Amortisation	5.25%
Series A1 PTC	7.49%
Series A2 PTC	0.00%
Cumulative collection efficiency <sup>1</sup>	100.57%
Cumulative prepayment rate	0.47%
Loss-cum 0+ days past due (dpd) <sup>2</sup>	2.90%
Loss cum 30+ dpd <sup>3</sup>	0.00%
Loss cum 90+ dpd <sup>4</sup>	0.00%
Cumulative cash collateral utilisation	0.00%

<sup>1</sup> Cumulative collections (incl. advances)/ (Cumulative billings + Opening overdue at the time of securitisation)

<sup>2</sup> Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>3</sup> Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>4</sup> Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

## Transaction structure

The transaction has a two-tranche structure, wherein PTC Series A1 will be equivalent to 70% of the initial pool principal and PTC Series A2 will be equivalent to 30% of the initial pool principal.

The promised cash flow schedule for all the PTC series includes interest (including overdues) on a pro rata basis at the contracted yield and the entire principal on the final maturity date. During the tenure of the PTCs, 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. Once PTC Series A1 is paid off, collections from the pool will be used to make the expected principal payouts to PTC Series A2, though these payouts are not promised and any shortfall in making the same would be carried forward to the subsequent payouts.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 10.00% of the initial pool principal, amounting to Rs. 70.43 crore, provided by the Originator, and (ii) the EIS of 11.17% of the initial pool principal for PTC Series A1 and the PTC Series A2. The CC will be split into first loss facility (FLF) and second loss facility (SLF), amounting to Rs. 70.43 crore (5% of initial pool principal each).

## Key rating drivers and their description

### Credit strengths

**Track record of Originator** – The Originator, 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.

**Granular pool supported by the presence of credit enhancement** – The pool is granular as on the cut-off date and comprises 17,124 contracts, with top 10 contracts forming ~0.7% of the initial pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement (CE) available in the form of cash collateral (CC) and excess interest spread (EIS) would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

**Seasoned contracts in the pool** – The pool has amortised by ~19% with seasoning of ~12 months as of the cut-off date thereby reflecting the borrowers' relatively better credit profile and repayment track record.

### Credit challenges

**Presence of long-tenure contracts** – On the cut-off date, ~51% of the contracts in the pool had an original tenure of more than 48 months. The performance of such contracts has remained relatively weaker in the portfolio and the pool's performance would thus depend on the company's ability to limit the slippages of such borrowers.

**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 4.25% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 7.2% to 27.0% 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 Aug 2024 X Trust
Originator	Shriram Finance Limited
Servicer	Shriram Finance Limited
Trustee	IDBI Trusteeship Services Limited
CC holding bank	ICICI Bank Limited
Collection and payout account bank	Sumitomo Mitsui Banking Corporation

## Liquidity position

### For PTC Series A1 and PTC Series A2: Strong

The liquidity position for the instruments is strong after factoring in the credit enhancement available for meeting the promised payouts to the investor. The total credit enhancement would be around 3.75 times the estimated loss in the pool.

### For SLF: Adequate

The liquidity position for the SLF is adequate after factoring in the FLF available for the top up of the SLF, if needed, as per the defined waterfall mechanism.

## Rating sensitivities

**Positive factors** - Not applicable for the PTCs

The rating for the SLF can be upgraded on the sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement 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 trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

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. Based on the National Company Law Tribunal order dated November 14, 2022, the operations of Shriram City Union Finance Limited (SCUF) and Shriram Capital Limited (SCL) 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 3,800 branches and other offices. As on December 31, 2024, its assets under management (standalone) stood at Rs. 2.54 lakh crore comprising commercial vehicle finance (46%), passenger vehicle finance (20%), small and medium-sized enterprise (SME) lending (14%), construction equipment and farm equipment finance (9%), two-wheeler loans (6%), personal loans (3%), and gold loans (2%).

## Key financial indicators

SFL (standalone)	FY2023*	FY2024^	9M FY2025^
	Audited	Audited	Limited review
Total income	29,803	34,998	30,399
Profit after tax	5,979	7,193	7,622
Total managed assets#	2,16,010	2,52,802	3,00,986
Gross stage 3	6.2%	5.5%	5.4%
Capital-to-risk weighted assets ratio	22.6%	20.3%	21.0%

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore  
With the scheme of arrangement and amalgamation of STFC, SCUF and SCL becoming effective, figures for the year ended March 31, 2023 are not comparable with the figures for the year ended March 31, 2022

\*For SFL, prior to the merger with SCUF and SCL; ^Consolidated, post-merger

#Total managed assets = Total assets + Impairment allowance + Direct assignment – Goodwill

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Trust name	Instrument	Current rating (FY2025)		Chronology of rating history for the past 3 years				
		Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				March 19, 2025	December 09, 2024			
Sansar Aug 2024 X Trust	PTC Series A1	493.02	493.02	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-	-
	PTC Series A2	211.30	211.30	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-	-
	Second loss facility	35.22	35.22	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-	-

## Complexity level of the rated instrument

Instrument	Complexity indicator
PTC Series A1	Moderately Complex
PTC Series A2	Moderately Complex

**Second loss facility**

Moderately 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**

Trust name	Instrument	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Rating
<b>Sansar Aug 2024 X Trust</b>	PTC Series A1	December 13, 2024	7.60%	April 20, 2027	493.02	[ICRA]AAA(SO)
	PTC Series A2		7.60%	November 20, 2029	211.30	[ICRA]AAA(SO)
	Second loss facility		NA	November 20, 2029	35.22	[ICRA]A-(SO)

Source: Company

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

Not applicable

## ANALYST CONTACTS

**Abhishek Dafria**

+91 22 6114 3440

[abhishek.dafria@icraindia.com](mailto:abhishek.dafria@icraindia.com)

**Sachin Joglekar**

+91 22 6114 3470

[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Anubhav Agrawal**

+91 22 6114 3439

[anubhav.agrawal@icraindia.com](mailto:anubhav.agrawal@icraindia.com)

**Priya Gounder**

+91 22 6114 3414

[priya.gounder@icraindia.com](mailto:priya.gounder@icraindia.com)

**Anubha Rustagi**

+91 22 6114 3456

[anubha.rustagi2@icraindia.com](mailto:anubha.rustagi2@icraindia.com)

## RELATIONSHIP CONTACT

**Mr. L. Shivakumar**

+91 22 6114 3304

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

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

[info@icraindia.com](mailto:info@icraindia.com)

## 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.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



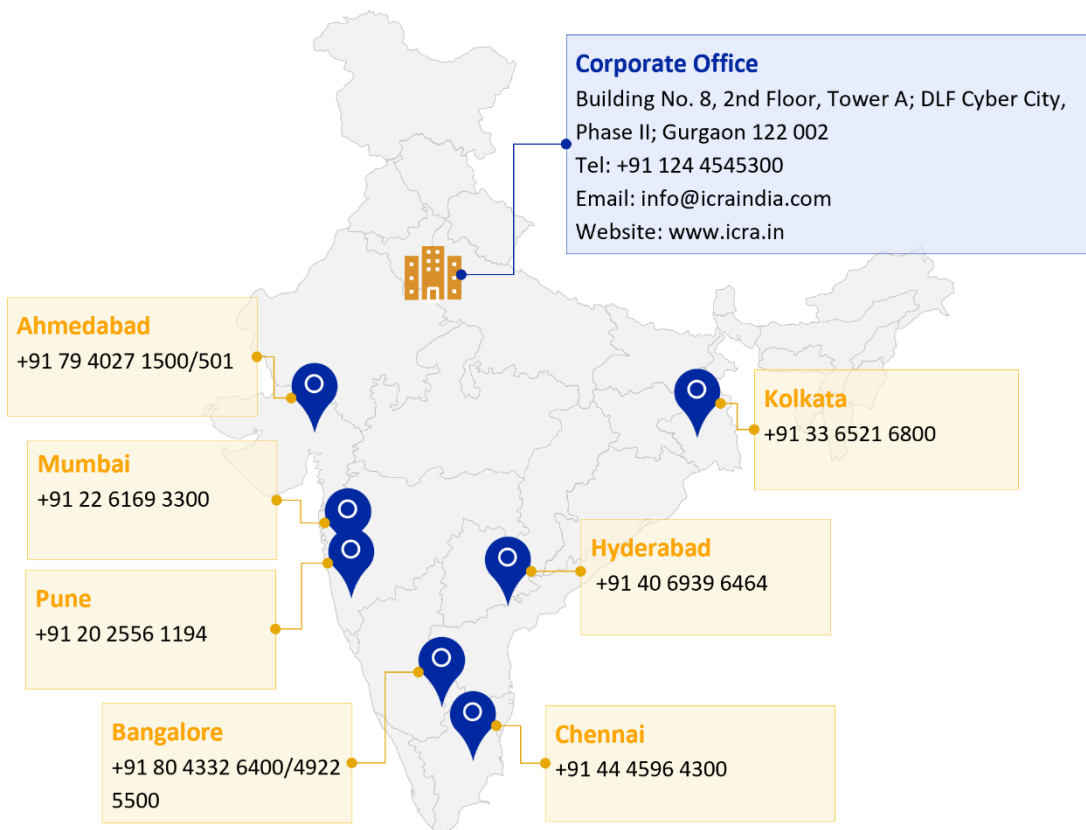
### Registered Office

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

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.