Sansar Trust Mar 2024 II

Originator: Shriram Finance Limited

August 26, 2025

Instrument	Amount (₹ crore)[@]	Balance Tenure (months)[*]	Credit Enhancement (₹ crore)		Rating[1]	Rating Action
			First Loss Facility (FLF)	Second Loss Facility (SLF)		
Series A1 PTC	94.49	38	11.41	11.41	CARE AAA (SO)	Reaffirmed
Second Loss Facility	11.41			-	CARE AA- (SO)	Upgraded from CARE A+ (SO)

[@]After July 2025 payout.
[*]Tenure/door-to-door maturity may change due to prepayments or changes in interest rates.
Details of the instrument are mentioned in Annexure-I

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed the rating of the Series A1 PTC issued by Sansar Trust March 2024 II, backed by vehicle and equipment finance loan receivables originated by Shriram Finance Limited (SFL), at 'CARE AAA (SO)' [pronounced as Triple A (Structured Obligation)]. The rating of the second loss facility (SLF) has been upgraded to 'CARE AA- (SO)' (pronounced as Double A Minus [Structured Obligation]).

Reaffirmation and revision in ratings is primarily based on performance of underlying loans in the last 16 months post-securitisation, robust legal structure, well-defined payment mechanism, significant build-up in credit enhancement (CE), which includes first loss facility (FLF) and SLF – as a percentage of the balance amount of pass-through certificates (PTCs), subordination of excess interest spread (EIS), servicing capability and overall performance of SFL.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

For Series A1 PTCs: None

For Second Loss Facility:

- Delinquencies (90+ days past due [DPD]) of less than 2% and sustained high collection efficiency (cumulative collection efficiency of over 98%).

Negative factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Delinquencies (90+ DPD) of over 5% and sustained lower collection efficiency (cumulative collection efficiency of less than 90%).
- Deterioration in credit profile of the originator.
- Utilisation of CC.
- Non-adherence to key transaction terms envisaged at the time of the rating.

Analytical approach

The rating action is based on inter alia, observed and expected pool performance, presence of CE and adherence to the transaction structure.

Pool Performance:

The pool has amortised by 58.59% in 16 months post-securitisation, with nil utilisation of CC. The pool has exhibited low delinquencies. As on July 2025, overdue (OD; as a percentage of the initial principal outstanding [POS]) is 0.11%. The credit enhancement (CE) available is sufficient to sustain Ratings for the balance tenure.

Pool summary (as of July 25 payout)	
Months post-securitisation	16
Pool amortisation	58.59%
30+ delinquency (percentage of the initial pool POS)	6.43%

[1]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Pool summary (as of July 25 payout)	
90+ delinquency (percentage of the initial pool POS)	2.81%
Overdue amount (percentage of the initial pool POS)	1.91%
Cumulative Collection Efficiency (CCE)	98.00%
FLF (percentage of the balance PTC POS)	12.08%
SLF (percentage of the balance PTC POS)	12.08%
Cumulative prepayments	13.31%

*Collections include advance collections from borrowers.

Detailed description of key rating drivers

Key strengths:

- CCE of 98.00% (collection efficiency is including advances) and amortisation of 58.59% after 16 months post securitisation.
- CC (both FLF and SLF) as a percentage of PTC POS is 24.15%, which remains unutilised.
- Delinquency with OD and 90+ DPD at 1.91% and 2.81% (as a percentage of initial pool POS).
- Well-defined payment mechanism and adherence to the transaction structure.

Key weakness:

- The underlying borrowers have volatile cash flows from business activity.

Liquidity:

Series A1 PTCs: Strong

Inherent liquidity in the structure is strong. Interest payouts for Series A1 PTCs are promised monthly, while the principal of Series A1 PTCs is promised to be paid by final legal maturity. In case of delinquencies, payouts are expected to be supported by CE consisting of CC (FLF and SLF) and EIS.

Second Loss Facility: Strong

Inherent liquidity in the structure for the SLF is strong and is supported by EIS and FLF.

Key rating assumptions

CareEdge Ratings has analysed the transaction to assess whether the CE is sufficient to cover shortfalls. Since the transaction is sensitive to the credit quality of the underlying pool, CareEdge Ratings has analysed pool performance and overall portfolio performance of the originator. Considering borrower profile and nature of the loan, pool characteristics and portfolio performance, CareEdge Ratings has taken average peak shortfall from 3.00-4.00% of POS. Base case shortfalls were stressed along with other key factors such as timing of shortfalls, recovery assumptions, and time to recovery. CareEdge Ratings has found that the CE provided is sufficient to cover shortfalls in a stress scenario commensurate with the assigned rating. The pool cash flow has been further adjusted for prepayments of underlying loans, assuming monthly prepayments in the range of 0.50-1.00%.

Key risks, concerns and mitigants:

The securitisation transaction involves several risks, including credit risk from borrower defaults, commingling risk due to time lags in fund deposits, prepayment risk from early principal repayments, servicer bankruptcy risk, legal risk regarding the validity of receivable transfers, and counterparty risk involving transaction parties. These risks are factored while assigning rating, wherever needed, and partially mitigated through credit enhancements, separate record-keeping, credit rating/profile of the originator, transaction structuring, true sale of receivables, legal opinion from independent legal counsel. The transaction structure also has provision to change counterparties including trustee and banker among others.

Applicable criteria

Policy on Default Recognition

CARE Ratings' methodology for asset/mortgage-backed securitisation

About the originator / servicer and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Securitisation

SFL ('CARE AA+; Stable' / 'CARE A1+') is a diversified player, with a tangible net worth (TNW) of ₹55,039 crore and assets under management (AUM) of ₹254,470 crore as on December 31, 2024. The company caters to over 6.7 million customers across India.

Growth strategy for the company will be focused on driving the self-employed and micro, small and medium enterprise (MSME) economies. The company has a pan-India presence, spread across 3,196 branches as on December 31, 2024. Notably, 53% of its presence through branches will be in rural areas. With the merger of Shriram Transport Finance Company Limited (STFCL), the largest financier of commercial vehicles, and Shriram City Union Finance Limited (SCUF), the largest two-wheeler financer and leader in micro, small and medium enterprise (MSME) lending, SFL has been established as the one of the largest retail NBFCs in India. SFL is engaged in vehicle loan business for over 20 years and is an active player in securitisation/bilateral market and as of April 30, 2025, SFL has ~143 such live pools with initial size amounting to ~₹70,000 crore.

Y.S. Chakravarti has been appointed the Managing Director & CEO of SFL. He has also served as the Managing Director and CEO of SCUF prior to the merger with STFCL. SFL's operations are led by Umesh Revankar, Executive Vice Chairman, who has been with the Shriram group for over 35 years. He was previously Vice Chairman and Managing Director for erstwhile STFCL. The management team, including Parag Sharma (Whole-time Director, Joint Managing Director, and Chief Financial Officer of SFL) and several others, have been previously associated with SFL for several years. The company's senior management is equipped with a rich experience of operating in the CV and two-wheeler financing business.

Key financial indicators - SFL

Particulars	FY23 (A)	FY24 (A)	FY25 (A)
Total income (₹ crore)	29,803	34,998	41,859
PAT (₹ crore)	5,979	7,190	9,761
Interest Coverage (times)	1.65	1.65	1.59
Net Worth (₹ crore)	43,202	48,463	50,697
Net Stage three (%)*	3.19	2.70	2.64
ROTA (%)	3.05	3.26	3.75
Total Assets (Tangible)	1,99,229	231,951	287,950

A: Audited. N ote: these are latest financial results available.

*Net Stage 3 (%) numbers are similar to Net NPA (%) numbers.

Key terms of servicer contract:

The servicing agreement has covered role of the originator as the Collection and Payment Agent (CPA) for the special purpose vehicle (SPV) in managing collections from underlying borrowers, without informing them of the assignment. The Servicer (originator) follows its standard procedures for collections, including recovery actions, and ensures timely transfers of funds to the SPV under an M+1 payment structure. The trustee monitors the sufficiency of funds for investor payouts one day prior to payout date and utilises cash collateral in case of shortfall. The Servicer is also submitting detailed reports on billing, collections (including prepayment), overdue amounts with aging thereof, cash flow schedules to the trustee and such other information as may be required by the trustee. Terms of the agreement have provisions for the appointment of an alternate servicer in case of servicer event of default.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instruments/facilities: Annexure-3

Complexity level of instruments: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities:

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Pass Through Certificates	-	28-03-2024	8.75%	25-09-2029	94.49	CARE AAA (SO)
Second Loss Facility	-	-	-	-	11.41	CARE AA- (SO)

Annexure-2: Rating history for last three years:

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Pass Through Certificates	LT	94.49	CARE AAA (SO)	-	1)CARE AAA (SO) (04-Dec-24) 2)CARE AAA (SO) (02-Jul-24)	1)Provisional CARE AAA (SO) (29-Mar-24)	-
2	Second Loss Facility	LT	11.41	CARE AA- (SO)	-	1)CARE A+ (SO) (04-Dec-24) 2)CARE A+ (SO) (02-Jul-24)	1)Provisional CARE A+ (SO) (29-Mar-24)	-

LT- Long Term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of Instrument	Complexity Level
1.	Pass-through certificates	Highly complex
2.	Second Loss Facility	Highly Complex

Annexure-5: Lender details

Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Name: Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Name: Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044-2850 1000 E-mail: pradeep.kumar@careedge.in	Name: Vineet Jain Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3456 E-mail: vineet.jain@careedge.in Name: Sriram Rajagopalan Director **CARE Ratings Limited** Phone: +91-22-6754 3652 E-mail: sriram.rajagopalan@careedge.in Name: Chirag Ashwin Gambhir Associate Director **CARE Ratings Limited** Phone: +91-22-6754 3423 E-mail: chirag.gambhir@careedge.in

About us:

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