Sansar June 2025 III Trust

Originator: Shriram Finance Limited

October 07, 2025

Instrument[#]	Amount Rated[&] (₹ crore)	Rating[1]	Rating Action
Series A1 SNs	991.19	CARE AA+ (SO)	Final Rating Assigned
Series A2 SNs	56.78	CARE A (SO)	Final Rating Assigned

Details of instruments/facilities in Annexure-1.

[#]The Series A1 SNs are rated for timely payment of interest and timely payment of 95.00% of the principal billing every month while the remaining 5.00% principal expected every month and is promised to be paid by the final legal maturity date. The principal repayment to Series A2 SNs is promised by the final legal maturity date.

[&]As on September-25 payouts

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had assigned the rating of 'Provisional CARE AA+ (SO)' (pronounced as 'Double A Plus [Structured Obligation]') and 'CARE A (SO)' (pronounced as 'Single A [Structured Obligation]') to the Series A1 SNs and Series A2 SNs, respectively, issued by Sansar June 2025 III Trust, backed by a pool of vehicle, two-wheeler, construction equipment and farm equipment loan receivables originated by Shriram Finance Limited (SFL).

The rating is now confirmed and 'CARE AA+ (SO)' (pronounced as 'Double A Plus [Structured Obligation]') and 'CARE A (SO)' (pronounced as 'Single A [Structured Obligation]') has been assigned to Series A1 SNs and Series A2 SNs.

The above rating was final based on the below-mentioned documents submitted to the satisfaction of CareEdge Ratings:

a) Account Agreement
b) Assignment Agreement
c) Servicing Agreement
d) Trust Deed
e) Power of Attorney
f) Power of Attorney cash collateral
g) Information Memorandum
h) Legal opinion from an independent legal counsel
i) KYC Audit Report.

Rating sensitivities: Factors likely to lead to rating actions

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

- Delinquencies (90+ days past due [DPD] as percentage of initial principal outstanding [POS]) of less than 2% and the sustained high collection efficiency (cumulative collection efficiency of over 98%).
- Build-up of cash collateral (CC) of over 2x the initial proposed (CC; as a percentage of the balance principal outstanding [POS]).

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

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

Analytical approach

The final rating is based on conformity of the executed transaction documents with the proposed structure of the transaction. The rating also factors inter alia, the analysis of the underlying pool of receivables, the expected performance of the pool, performance of originator's portfolio and transaction structure including the proposed credit enhancement.

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

Detailed description of key rating drivers

The ratings assigned are finalised based on the structure provided to CareEdge Ratings by SFL, the originator. The ratings have been confirmed after copies of the legal documents executed in accordance with the structure, due-diligence audit report by an external auditor, and independent legal opinion was furnished by the originator (SFL), to the satisfaction of CareEdge Ratings.

Key strengths

- Robustness of transaction structure and well-defined payment mechanism.
- Credit enhancement (CE) comprising CC, subordinated Series A2 SN and excess interest spread (EIS).
- No overdue contracts as on the pool cut-off date.
- Underwriting policies and collection capabilities of SFL.
- High-weighted average seasoning (based on EMI's paid) of ~9 months with amortisation of ~21% as of pool cut-off date.

Key weakness

- Underlying borrowers in the pool have volatile cashflows.

Liquidity:

Series A1 SN: Strong

Inherent liquidity in the structure is strong. The transaction envisages timely payment of interest and 95.00% of the scheduled principal billing monthly. The balance 5.00% of the scheduled principal billing is promised to be paid by final legal maturity. In case of delinquency, payouts are expected to be supported by CE consisting of CC, principal subordination in the form of Series A2 SN and EIS.

Series A2 SN: Adequate

The transaction envisages expected interest repayment monthly and repayment of principal to Series A2 SNs (only after Series A1 SNs principal is fully redeemed), and the principal is promised to be paid by final legal maturity. In case of delinquency, payouts are expected to be supported by CC and EIS.

Key rating assumptions and adequacy of credit enhancement

CareEdge Ratings has analysed the transaction to assess whether the CE is sufficient to cover the shortfalls. Since the transaction is sensitive to the credit quality of the underlying pool, CareEdge Ratings has analysed performance of static pools provided by the originator and overall portfolio performance of the originator. Considering the borrower profile, nature of the loan, pool characteristics, and portfolio performance, CareEdge Ratings has taken the average shortfall at 4.00%-5.00% of the POS. Base case shortfalls were stressed with other key factors, such as the timing of shortfalls, the recovery assumptions, and the time to recovery. The pool cash flow has been further adjusted for prepayments of underlying loans, assuming monthly prepayments in the range of 0.50%-1.00%. CareEdge Ratings has stipulated CE which is commensurate with credit rating of the SNs.

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 CE, 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. The company's growth strategy will be focused on driving self-employed and micro, small and medium enterprise (MSME)

economy. The company has a pan-India presence 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 Ltd (STFCL), the largest financier of commercial vehicles, and Shriram City Union Finance Ltd (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 on April 30, 2025, SFL has ~143 such live pools with initial size amounting to ~₹70,000 crore.

Y S Chakravarti has been appointed as Managing Director and CEO of SFL. He has also served as 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	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income (₹ crore)	34,964	41,834	11,536
PAT (₹ crore)	7,190	9,761	2,156
Interest coverage (times)	2.34	2.25	2.12
Total assets (₹ crore)	2,37,276	2,93,533	3,04,939
Net NPA (%)	2.70	2.64	2.57
ROTA (%)	3.13	3.51	2.76

A: Audited; UA:Unaudited; Note: these are latest financial results available

Key terms of Servicer Contract:

The servicing agreement has covered role of the originator as the Collection and Payment Agent (CPA) for the SPV in managing collections from underlying borrowers, who have consented to such assignment through provisions incorporated in the respective loan agreements. 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 utilizes cash collateral in case of any 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. The 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: Not applicable

Rating history for last three years: Annexure-2

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

Complexity level of instruments rated: 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
Securitisation Notes	-	30-06-2025	7.95%	16-11-2029	991.19	CARE AA+ (SO)
Securitisation Notes	-	30-06-2025	7.95%	16-11-2029	56.78	CARE A (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	Securitisation Notes	LT	991.19	CARE AA+ (SO)	1)Provisional CARE AA+ (SO) (03-Jul-25)	-	-	-
2	Securitisation Notes	LT	56.78	CARE A (SO)	1)Provisional CARE A (SO) (03-Jul-25)	-	-	-

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.	Securitisation notes	Highly complex

Annexure-5: Lender details

Not applicable

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

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

For subscription information,
please visit www.careratings.com