Sansar Trust Jan 2025 II (Revised)

Originator: Shriram Finance Limited

November 03, 2025

Instrument	Amount (₹ crore)@	Balance Tenure (months)*	Credit Enhancement (₹ crore)		Rating[1]	Rating Action
			First Loss Facility	Second Loss Facility		
Series A SNs	382.26	52	24.62	22.16	CARE AAA (SO)	Reaffirmed
Second Loss Facility	22.16			-	CARE A- (SO)	Reaffirmed

@After October 2025 payout.
*Tenure/door-to-door maturity may change due to prepayments or changes in interest rates if any.
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 A SNs issued by Sansar Trust Jan 2025 II, backed by vehicle and equipment loan receivables originated by Shriram Finance Limited (SFL), at 'CARE AAA (SO)' [pronounced as Triple A (Structured Obligation)], and has also reaffirmed the rating of the Equity tranche PTC at 'CARE A- (SO)' [pronounced as Single A Minus (Structured Obligation)].

Reaffirmation of ratings is primarily based on the performance of underlying loans in the last seven months post-securitisation, robust legal structure, well-defined payment mechanism, significant build-up in credit enhancement, which includes the First Loss Facility (FLF) and Second Loss Facility (SLF)– as a percentage of the balance amount of Securtisation Notes (SNs), 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 A SN: None

For Second Loss Facility:

- Delinquencies (90+ days past due [DPD] 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 (as a percentage of the balance POS).

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

- Delinquencies (90+ DPD percentage of initial POS) of over 7% 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 rating action is based on inter alia, observed and expected performance of pool, presence of credit enhancement, and adherence to the transaction structure.

Pool performance:

The pool has amortised by ~22% in seven months post-securitisation, with nil utilisation of CC. The pool has exhibited low delinquencies. As of October 2025, overdue (OD) (as a percentage of the initial principal outstanding [POS]) is 1.21%. The credit enhancement (CE) available is sufficient to sustain ratings for the balance tenure.

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

Pool summary (as of October 2025 payout)	
Months post-securitisation	7
Pool amortisation	22.37%
30+ delinquency (percentage of the initial pool POS)	7.72%
90+ delinquency (percentage of the initial pool POS)	0.51%
Overdue amount (percentage of the initial pool POS)	1.21%
Cumulative Collection Efficiency [CCE]	97.95%
FLF (percentage of the balance PTC POS)	6.44%
SLF (percentage of the balance PTC POS)	5.80%
Cumulative prepayments	5.36%

*Collections include advance collections

Detailed description of key rating drivers

Key strengths:

- CCE of 97.95% (collection efficiency is including advances) and amortisation of 22.37% after seven months post securitisation.
- Total CE as a percentage of PTC POS is 12.24%, which comprises FLF as a percentage of PTC POS is 6.44% and SLF as a percentage of PTC POS is 5.80%, which remains unutilised.
- Well-defined payment mechanism and adherence to the transaction structure.
- Low delinquencies with OD and 90+ DPD at 1.21% and 0.51%, respectively (both as a percentage of initial pool POS).

Key weakness:

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

Liquidity: Strong for Series A SNs:

The inherent liquidity in the structure is strong. The interest and principal payouts for Series A SNs are promised every month. In case of delinquencies, the payouts are expected to be supported by CE comprising CC and EIS.

Liquidity – Adequate for Second Loss Facility:

The inherent liquidity in the structure for the SLF is adequate and it is supported by EIS and the 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 the performance of the pool and the overall portfolio performance of the originator. Considering the borrower profile and the nature of the loan, the pool characteristics and the portfolio performance, CareEdge Ratings has taken the average peak shortfall from 4.00%-5.00% of the principal outstanding. The base case shortfalls were stressed along with other key factors such as the timing of shortfalls, the recovery assumptions, and the 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, basis risk from differing interest rate benchmarks, 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, such as, 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 (rated '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 growth strategy for the company will be focused on driving the self-employed and the micro, small and medium enterprise (MSME) economy. 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 non-banking financial companies (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 the Managing Director and 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 commercial vehicle (CV) and two-wheeler financing business.

Key financial indicators - SFL

Particulars	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total 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
Net worth (₹ crore)	237,276	293,533	304,939
Net Stage three (%)	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 special purpose vehicle (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 utilises CC 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. 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: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: 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 Issue (₹ crore)	Rating Assigned and Rating Outlook
Securitisation Notes	-	28-03-2025	8.60	18-02-2030	382.26	CARE AAA (SO)
Second Loss Facility	-	-	-	-	22.16	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	382.26	CARE AAA (SO)	1)CARE AAA (SO) (28-Jul-25)	1)Provisional CARE AAA (SO) (31-Mar-25) 2)Provisional CARE AAA (SO) (18-Mar-25)	-	-
2	Second Loss Facility	LT	22.16	CARE A- (SO)	1)CARE A- (SO) (28-Jul-25)	1)Provisional CARE A- (SO) (31-Mar-25) 2)Provisional CARE A- (SO) (18-Mar-25)	-	-

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.	Securtisation Notes	Highly complex

Annexure-5: Lender details

Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it on the basis of 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	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 Ashwin Gambhir Associate Director **CARE Ratings Limited** E-mail: chirag.gambhir@careedge.in

About us:

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