Sansar Feb 2024 Trust

Originator: Shriram Finance Limited

February 11, 2026

Instrument	Amount (₹ crore)@	Balance Tenure (months)*	Credit Enhancement (₹ crore)		Rating[1]	Rating Action
			First Loss Facility	Second Loss facility		
Series A1 PTCs	137.81	37	14.92^	11.27^	CARE AAA (SO)	Reaffirmed
Second Loss Facility	11.27^			-	CARE A- (SO)	

@After December 2025 payout.
*Tenure/door-to-door maturity may change due to prepayments or changes in interest rates.
Details of instruments are attached in Annexure-I
^Post Proposed CE reset

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings of, Series A1 Pass-Through Certificates (PTCs) and Second loss Facility issued by Sansar Feb 2024 Trust, backed by vehicle and equipment loan receivables originated by Shriram Finance Limited (NFL), at 'CARE AAA (SO)' [pronounced as Triple A (Structured Obligation)] and at 'CARE A- (SO)' [pronounced as Single A Minus (Structured Obligation)] respectively.

Reaffirmation of ratings is primarily based on performance of underlying loans in the last 21 months post-securitisation, robust legal structure, well-defined payment mechanism, significant build-up in First Loss Facility and Second Loss Facility – as a percentage of the balance amount of pass-through certificates (PTCs), the subordination of excess interest spread (EIS), servicing capability and overall performance of SFL.

Proposed reset of credit enhancement

SFL has requested a reset of the credit enhancement (CE) for the Sansar Feb 2024 Trust. CareEdge Ratings has analysed the transaction post December 2025 payout to assess the cash collateral (CC) requirement, comprising the First Loss Facility (FLF) and Second Loss Facility (SLF). Based on the RBI-prescribed reserve floor and the assessed CC requirement, with the assessed CC requirement being higher than the applicable reserve floor, CareEdge Ratings has identified scope for a partial release of CC, which currently stands at ₹30.00 crore, equivalent to 21.77% of the balance pool principal.

Based on pool performance, CareEdge Ratings has evaluated the revised CC level (FLF and SLF) required to sustain existing ratings of the Series A1 PTCs and the SLF. In accordance with regulatory guidelines, the release of CC is restricted to 60% of the difference between the current CC and the revised CC level permitted by CareEdge Ratings.

Accordingly, per CareEdge Ratings' cash flow analysis, a total of ₹3.81 crore is eligible for release, with ₹0.87 crore and ₹2.94 crore attributable to the FLF and SLF, respectively.

Post reset, the CC would reduce to ₹26.18 crore (comprising FLF of ₹14.92 crore and SLF of ₹11.27 crore), equivalent to 19.00% of the balance pool principal. **The proposed CC reset is subject to approval from PTC investors.**

CC Reset	Current CC (₹ crore) (a)	CC required to maintain the rating (₹ crore) (b)	CC proposed to be released (₹ crore) (c) = 60%*(a-b)	Available CC post proposed CC reset (₹ crore) (d) = (a-c)
Total	30.00	23.64	3.81	26.18
FLF	15.79	14.34	0.87	14.92
SLF	14.21	9.30	2.94	11.27

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

Rating sensitivities: Factors likely to lead to rating actions

For Series A1 PTCs: None

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

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

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

- Delinquencies (90+ DPD) 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 FLF and / or SLF
- Non-adherence to key transaction terms envisaged at the time of the rating.

Analytical approach

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

Detailed description of key rating drivers

Pool performance:

The pool has amortised by ~56% in 21 months post-securitisation. As of the December 2025 payout, overdue (OD) stands at 0.99% of the initial pool POS. The Credit Collateral (FLF and SLF), maintained in the form of fixed deposits, is currently at 21.77% of the balance pool POS. Per the CareEdge Ratings stipulation, the CC may be reduced up to 19.00% from a CE reset, subject to investor consent. The CE available post proposed CE reset is sufficient to sustain ratings for the balance tenure.

Pool summary (as of Dec-25 payout)	
Months post-securitisation	21
Pool amortisation	56.36%
30+ delinquency (percentage of the initial pool POS)	3.24%
90+ delinquency (percentage of the initial pool POS)	0.34%
Overdue amount (percentage of the initial pool POS)	0.99%
Cumulative Collection Efficiency [CCE]*	101.58%
FLF (percentage of the balance PTC POS)	10.83%
SLF (percentage of the balance PTC POS)	8.17%
Cumulative prepayments	9.31%

*Includes Advance Collections

Key strengths:

- FLF and SLF post proposed CE reset as a percentage of PTC POS shall be 19.00%; both have been unutilised.
- The pool has performed on expected lines for 21 months (post-securitisation) and has amortised ~56%.
- Well-defined payment mechanism and adherence to the transaction structure.
- The 90+ DPD and OD in the pool is low at 0.34% and 0.99% (as percentage of initial pool POS), with CCE greater than 100%.

Key weakness:

- Underlying borrowers in the pool have volatile cash flow.

Liquidity:

Liquidity – Strong for Series A1 PTCs:

Inherent liquidity in the structure is strong. Interest and principal payouts for Series A1 PTCs are promised every month. In case of delinquencies, payouts are expected to be supported by CE comprising of EIS, and CC.

Liquidity – Adequate for Second Loss Facility:

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

Key rating assumptions and adequacy of credit enhancement:

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 shortfall from 4.00-5.00% of the POS. 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. 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.

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 AAA; Stable' / 'CARE A1+' dated December 31, 2025) is a diversified player, with a tangible net worth (TNW) of ₹50,697 crore and assets under management (AUM) of ₹2,81,310 crore as on September 30, 2025. The company caters to over 6.7 million customers across India. The company's growth strategy is focused on driving the self-employed and the micro, small and medium enterprise (MSME) economy. The company has a pan-India presence, spread across 3,225 branch offices as on September 30, 2025. 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 on September 30, 2025, SFL has over 140 such live pools with initial size amounting to ~₹75,000 crore.

Parag Sharma 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. Sunder Subramanian serves as the Joint Managing Director and Chief Executive Officer of SFL. The senior management of the company is equipped with rich experience of operating in the commercial vehicle (CV) and two-wheeler financing business.

Key financial indicators - SFL

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	H1FY26 (UA)
Total operating income	34,998	41,859	23,464
PAT	7,190	9,436	4,465
Assets under management	2,24,862	2,63,190	2,81,309
On-book gearing (x)	4.30	4.62	3.87
AUM/Tangible net worth	5.20	5.19	4.64
Gross non-performing assets (GNPA) (%)	5.45	4.55	4.57
Return on managed assets (ROMA) (%)	3.29	3.71	3.14
Capital adequacy ratio (CAR) (%)	20.30	20.66	20.68

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 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 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 / Facility (₹ crore)	Rating Assigned and Rating Outlook
Pass Through Certificates	-	03-05-2024	8.30%	17-02-2029	137.81	CARE AAA (SO)
Second Loss Facility	-	-	-	-	11.27	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	Pass Through Certificates	LT	137.81	CARE AAA (SO)	-	1)CARE AAA (SO) (04-Dec-24) 2)CARE AAA (SO) (11-Apr-24)	1)Provisional CARE AAA (SO) (01-Mar-24)	-
2	Second Loss Facility	LT	11.27	CARE A- (SO)	-	1)CARE A- (SO) (04-Dec-24) 2)CARE A- (SO) (11-Apr-24)	1)Provisional CARE A- (SO) (01-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.

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