Sansar Feb 2026 Trust

Originator: Shriram Finance Limited

March 26, 2026

Instrument#	Amount (₹ crore)	Structure	Tenure* (months)	Rating[1]	Credit Enhancement$ (₹ crore)		Rating Action
					First Loss Credit Facility (FLCF)	Second Loss Credit Facility (SLCF)	
Series A PTCs	787.48	Par (TI-UP)	60	Provisional CARE AAA (SO)	39.37	31.50	Assigned
Second Loss Credit Facility	31.50	Par		Provisional CARE A (SO)		-	Assigned

Details of instruments/facilities in Annexure-1.

#The pass-through certificates (PTCs) are rated based on timely payment of interest and payment of principal on or before the final legal maturity date.

*Tenure / door-to-door maturity may change due to prepayments or changes in interest rates, if any.

$Excess interest spread (EIS) shall flow back to the originator per waterfall mechanism.

Rating in the absence of the pending steps/documents	No rating can be assigned

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned a rating of 'Provisional CARE AAA (SO)' [pronounced as 'Triple A (Structured Obligation)'] to the Series A PTCs, proposed to be issued by Sansar Feb 2026 Trust backed by vehicle and equipment loan receivables originated by Shriram Finance Limited (the Originator or SFL). CareEdge Ratings has also assigned a rating of 'Provisional CARE A (SO)' [pronounced as 'Single A (Structured Obligation)'] to the Second Loss Credit Facility (SLCF).

Ratings are based on the credit quality of underlying loans, support in the form of credit enhancement (CE), credit underwriting and servicing capability of the originator, well-defined payment mechanism, and robust legal structure of the transaction.

The final rating will be assigned after copies of the following documents, duly executed in accordance with the structure and to the satisfaction of CareEdge Ratings, are furnished by the originator:

a. Assignment agreement
b. Trust deed
c. Power of attorney
d. A legal opinion from an independent legal counsel
e. Due diligence audit report
f. Any other documents executed for the transaction.

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 PTCs: None

For Second Loss Credit Facility:

- 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%).
- Sustained build-up of first loss credit facility (FLCF) 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 as percentage of initial POS) of over 7% and the sustained lower collection efficiency (cumulative collection efficiency of less than 90%).
- Utilisation of FLCF and/or SLCF.
- Deterioration in the credit profile of the originator.
- Non-adherence to key transaction terms envisaged at the time of the rating.

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

Analytical approach

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

Detailed description of key rating drivers

The transaction is structured at par and the Series A1 PTCs are rated for the timely payment of interest with the repayment of principal on or before the final legal maturity. Excess interest spread (EIS) will flow back to the originator every month per waterfall mechanism.

The assigned pool consists of ~22,500 vehicle and equipment loan contracts, aggregating to a POS of ₹787.48 crore as on the cut-off date. The top three states account for ~40% of the pool. All the contracts are current on payment. The pool has weighted an average seasoning of ~10 months with an amortisation of ~19%. The pool is granular with schedule of cash flows from underlying loans. The assignment of the receivables to the special purpose vehicle (SPV) lends strength to these cash flows and the rating factors the terms of servicing agreement as detailed hereinafter.

The credit enhancement for Series A PTCs will comprise Credit Enhancement (CE) of 9.00%, which will be split in FLCF of 5.00% and SLCF of 4.00%, and subordination of EIS of ~14% of the pool POS in the structure. Normally, FLCF is fully used before SLCF is utilised and the SLCF carries a rating of 'Provisional CARE A (SO)'. SLCF and FLCF will not be replenished upon utilisation per waterfall mechanism. Initially, the CE will be in the form of fixed deposits (FDs) with a lien marked in favour of the trust, per CareEdge Ratings' criteria. The SLCF may be converted to a bank guarantee in the future. The support of EIS is subject to realisation. The EIS is also subject to compression considering prepayments in the pool. The cashflows from the underlying pool, and external CE, will be used to make payout to pass-through certificate (PTC) investors.

Key strengths:

- The robustness of transaction structure and well-defined payment mechanism.
- Credit enhancement comprising FLCF, SLCF, and EIS.
- No overdue contracts as on the pool cut-off date.
- Underwriting policies and collection capabilities of SFL.
- Moderate weighted average seasoning (based on EMI's paid) of ~10 months with amortisation of ~19% as of pool cut-off date.

Key weakness:

- Underlying borrowers in the pool have volatile cashflows:

Liquidity:

For Series A PTCs: Strong

The inherent liquidity in the structure is Strong. The interest payouts for Series A PTCs are promised monthly, while the principal of Series A PTCs is promised to be paid by final legal maturity. In case of delinquency, the payouts are expected to be supported by credit enhancement consisting of FLCF, SLCF, and EIS.

For SLCF: Adequate

The inherent liquidity in the structure for the SLCF is adequate and it is supported by EIS and the FLCF.

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 the performance of static pools provided by the originator and the 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 3.50%-4.50% of the POS. 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. 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 credit enhancement which is commensurate with credit rating of the PTCs.

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, such as trustee and banker among others.

Applicable criteria

Policy on Default Recognition
Assignment of Provisional rating
CARE Ratings' methodology for asset/mortgage-backed securitisation

Validity of Provisional rating

Provisional rating shall be converted into a final rating after receipt of transaction documents duly executed/ completion of mentioned steps within 90 days from the instrument's date of issuance. An extension of 90 days may be granted on a case-to-case basis in line with CareEdge Ratings' Policy on Assignment of Provisional Ratings.

Risks associated with Provisional nature of credit rating

When a rating is assigned pending execution of certain critical documents or steps to be taken, the rating is a 'Provisional' rating indicated by prefixing 'Provisional' before the rating symbol. On execution of critical documents to the satisfaction of CareEdge Ratings, the final rating is assigned. In the absence of documents/ completion of steps or where such documents deviate significantly from those considered, provisional rating will be reviewed in line with the Policy on Assignment of Provisional Ratings.

About the Originator / Servicer and industry

Industry classification

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

SFL (rated 'CARE AAA; Stable' / 'CARE A1+') is a diversified player, with a tangible net worth (TNW) of ₹50,697 crore and assets under management (AUM) of ₹281,310 crore as on September 30, 2025. 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 3,225 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 Ltd (STFCL), the largest financier of commercial vehicles (CVs), and Shriram City Union Finance Ltd (SCUF), the largest two-wheeler financer and leader in 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 December 31, 2025, SFL has over 130 such live pools with initial size amounting to ~₹75,000 crore.

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

Key financial indicators - SFL

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	9MFY26 (UA)
Total operating income	34,998	41,859	35,650
PAT	7,190	9,761	6,985
Assets under management	224,862	263,190	291,709
On-book gearing (x)	4.30	4.62	4.05
AUM/Tangible net worth	5.20	5.19	4.64
Gross non-performing assets (GNPA) (%)	5.45	4.55	4.54
Return on managed assets (ROMA) (%)	3.29	3.71	3.07
Capital adequacy ratio (CAR) (%)	20.30	20.66	20.27

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

Key terms of Servicer Contract:

The servicing agreement shall cover 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 CC in case of shortfall. The servicer must also submit 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 shall 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	-	-	-	-	787.48	Provisional CARE AAA (SO)
Second Loss Facility	-	-	-	-	31.50	Provisional 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	787.48	Provisional CARE AAA (SO)	-	-	-	-
2	Second Loss Facility	LT	31.50	Provisional CARE A (SO)	-	-	-	-

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
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 Ashwin Gambhir Associate Director **CARE Ratings Limited** Phone: +91-22-6754 3423 E-mail: chirag.gambhir@careedge.in

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