Sansar Dec 2025 II Trust

Originator: Shriram Finance Limited

April 29, 2026

Instrument[#]	Amount Rated[&] (₹ crore)	Rating[1]	Rating Action
Series A1 PTCs	506.75	CARE AA+ (SO)	Final Rating Assigned
Series A2 PTCs	39.52	CARE A (SO)	Final Rating Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

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

[&]As on March-2026 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 'Provisional CARE A (SO)' [pronounced as 'Single A (Structured Obligation)'] to the Series A1 PTCs and Equity Tranche PTCs respectively, issued by Sansar Dec 2025 II Trust, backed by a pool of equipment and commercial vehicle loan receivables originated by Shriram Finance Limited (SFL). The nomenclature for Equity Tranche PTCs since the time of provisional rating is revised to Series A2 PTCs; all other terms remain unchanged.

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 PTCs and Series A2 PTCs respectively.

This rating was final based on following documents submitted to the satisfaction of CareEdge Ratings:

a. Deed of assignment
b. Trust deed
c. Amended and restated trust deed
d. Power of attorney
e. Corporate guarantee
f. Legal opinion
g. 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]) of less than 2% and sustained high collection efficiency (cumulative collection efficiency of over 98%).
- Sustained build-up of corporate guarantee (CG) of over 2x initial proposed (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 a percentage of initial POS) of over 7% and the sustained lower collection efficiency (cumulative collection efficiency of less than 90%).
- Downward revision in the rating of the guarantee provider below the rating of the Series A1 PTCs
- Invocation of corporate guarantee.
- 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, analysis of underlying pool of receivables, expected pool performance, performance of originator's portfolio and transaction structure including the proposed credit enhancement (CE).

Detailed description of key rating drivers

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

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

After March 2026 payout, the pool has amortised by ~3.5% in one-month post-securitisation. Overdue (OD; as a percentage of initial pool POS) is 0.00% with cumulative collection efficiency (CCE) of 106.20% (including advance collections) and nil utilisation of cash collateral (CC).

Key strengths:

- The robustness of transaction structure and well-defined payment mechanism.
- CE comprising CG, subordinated equity tranche (for Series A1 PTCs) 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 equated monthly instalments [EMIs] paid) of ~9 months as of pool cut-off date.

Key weakness:

- Underlying Borrowers in the pool have volatile cashflows.

Liquidity:

For 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 delinquency, payouts are expected to be supported by CE consisting of CG, principal subordination in the form of subordinated equity tranche and EIS.

For Equity Tranche PTCs: Adequate

Inherent liquidity in the structure is adequate. The principal of Equity Tranche PTCs is promised to be paid by final legal maturity. In case of delinquency, payouts are expected to be supported by CE consisting of CG 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 the monthly performance of pool, 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. 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 CE, which is commensurate with credit rating of 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, 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 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 (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 company's growth strategy 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 Limited (STFCL), the largest financier of consumer vehicles (CVs), and Shriram City Union Finance Limited (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 has been 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 company's senior management is equipped with 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	2,24,862	2,63,190	2,91,709
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 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 corporate guarantee 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 the covenants of the 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
Pass Through Certificates	INE2R4015018	29-01-2026	5.90	20-02-2031	506.75	CARE AA+ (SO)
Pass Through Certificates	INE2R4015026	29-01-2026	0.00	20-02-2031	39.52	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 2026-2027	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
1	Pass Through Certificates	LT	506.75	CARE AA+ (SO)	-	1)Provisional CARE AA+ (SO) (30-Jan-26)	-	-
2	Pass Through Certificates	LT	39.52	CARE A (SO)	-	1)Provisional CARE A (SO) (30-Jan-26)	-	-

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

Annexure-5: Lender details

Not applicable

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, Fis	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, Fis	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

*Includes securitisation transactions involving assignee payout, acquirer's payout.

~The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

#There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@These ratings were assigned regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

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.

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