

Sansar Trust Jan 2025 II

Originator: Shriram Finance Limited

October 01, 2026

Instrument [#]	Name of the Regulator ¹	Amount (₹ crore) [@]	Balance Tenure (months) [*]	Credit Enhancement (₹ crore)		Rating ²	Rating Action
				First Loss Facility	Second Loss Facility		
Series A SNs	RBI	228.90	40	24.62	22.16	CARE AAA(SO)	Reaffirmed
Second Loss Facility		22.16			-	CARE A- (SO)	Reaffirmed

Details of instruments/facilities in Annexure-1.

Series A1 SNs are rated for timely payment of interest and timely payment of the principal billing every month.

@After August 2026 payout.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings of Series A SNs (and Second Loss Facility (SLF) issued by Sansar Trust Jan 2025 II , backed by a pool of vehicle and equipment loan receivables originated by Shriram Finance Limited (SFL), at 'CARE AAA (SO)' [pronounced as Triple A (Structured Obligation)] and at 'CARE A- (SO)' [pronounced as Single A minus (Structured Obligation)], respectively.

Reaffirmation in ratings is primarily based on performance of underlying loans in the last 18 months post-securitisation, robust legal structure, well-defined payment mechanism, built-up in cash collateral (CC) – as percentage of balance amount of pass-through certificates (PTCs), 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] as percentage of initial principal outstanding [POS]) of less than 2% and sustained high collection efficiency (cumulative collection efficiency [CCE] of over 98%).
- Sustained build-up of 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 as percentage of initial POS) of over 7% and sustained lower collection efficiency (CCE of less than 90%).
- Deterioration in credit profile of the originator.

Analytical approach

Reaffirmation of ratings is based on inter alia, observed and expected pool performance, presence of credit enhancement (CE) and adherence to the transaction structure.

Detailed description of key rating drivers

Pool performance:

The transaction is structured at timely payment of interest and timely payment of the principal billing. The pool has amortised by ~53% in 18 months post-securitisation. As of August 2026, payout, overdue (OD; as percentage of initial pool POS) is 1.70% and CE, which comprises of First Loss Facility (FLF) and SLF, which is in the form of fixed deposit (FD), stands at 20.44% (as percentage of balance pool POS) with nil utilisation. CE available is sufficient to sustain ratings for the balance tenure.

Pool summary (as of Aug-26 payout)	
Months post-securitisation	18
Pool amortisation	53.52%

¹SEBI: 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.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Pool summary (as of Aug-26 payout)	
30+ delinquency (percentage of the initial pool POS)	10.44%
90+ delinquency (percentage of the initial pool POS)	3.00%
Overdue amount (percentage of the initial pool POS)	1.70%
Cumulative CE [CCE]*	102.31%
FLF (percentage of the balance PTC POS)	10.76%
SLF (percentage of the balance PTC POS)	9.68%
Cumulative prepayments	12.98%

*Inclusive of advance collections.

Key strengths:

- FLF and SLF as a percentage of pool POS is ~11% and 10%, respectively, which remains unutilised.
- The pool has performed on expected lines for 18 months (post-securitisation) and has amortised ~53.52%.
- Well-defined payment mechanism and adherence to the transaction structure.

Key weakness:

- Underlying borrowers in the pool have volatile cashflows.
- 90+DPD and OD (as percentage of initial pool POS) is at 3.00% and 1.70%, respectively.

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 the 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 CE is sufficient to cover shortfalls. Since the transaction is sensitive to credit quality of the underlying pool, CareEdge Ratings has analysed monthly pool performance, 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 average shortfall at 3.00-4.00% of the POS. Base case shortfalls were stressed along with other key factors, such as timing of shortfalls, recovery assumptions, and time to recovery. Pool cash flow has been further adjusted for prepayments of underlying loans, assuming monthly prepayments in range of 0.50-1.00%. CareEdge Ratings has stipulated CE, which is commensurate with credit rating of 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 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 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 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 (CVs), and Shriram City Union Finance Limited (SCUF), the largest two-wheeler financier 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. As on March 31, 2026, SFL has over 139 such live pools with initial size amounting to ~₹81,000 crore.

Parag Sharma has been appointed the Managing Director and Chief Executive Officer (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 CEO of SFL. The company's senior management has rich experience of operating in the CV and two-wheeler financing business.

Key financial indicators - SFL

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	FY26 (A)
Total operating income	34,998	41,859	48,178
PAT	7,190	9,761	9,998
Assets under management	2,24,862	2,63,190	3,02,274
On-book gearing (x)	4.30	4.62	4.18
AUM/Tangible net worth	5.20	5.19	5.05
Gross non-performing assets (GNPA) (%)	5.45	4.55	4.58
Return on managed assets (ROMA) (%)	3.29	3.71	NA
Capital adequacy ratio (CAR) (%)	20.30	20.66	20.40

A: Audited; NA: Not available; 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 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 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), OD 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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities:

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Highly Complex	INE1UYL15013	10-Mar-2025	8.60	29-Nov-2029	228.90	CARE AAA (SO)
Second Loss Facility	RBI	Highly Complex	-	-	-	-	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 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	Securitisation Notes	LT	228.90	CARE AAA (SO)	-	1)CARE AAA (SO) (03-Nov-25) 2)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) (03-Nov-25) 2)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: 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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