

April 14, 2025

Piramal Finance Limited (formerly Piramal Capital & Housing Finance Limited): Rating confirmed as final for PTCs backed by unsecured personal loan receivables issued by Ved Trust PTC Dec 2024

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Ved Trust PTC Dec 2024	Series A1 PTCs	68.07	[ICRA]AA+(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

ICRA had assigned a provisional rating to the pass-through certificate (PTCs) issued by VED TRUST PTC DEC 2024 under a securitisation transaction originated by Piramal Finance Limited (PFL; formerly known as Piramal Capital & Housing Finance Limited {rated [ICRA]AA(Stable)}). The PTCs are backed by a pool of unsecured personal loan receivables with an aggregate principal outstanding of Rs. 73.99 crore (pool receivables of Rs. 102.61 crore).

Since the executed documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

Pool performance summary

Parameter	Ved Trust PTC Dec 2024
Payout month	March 2025
Months post securitisation	3
Pool amortisation	11.83%
Series A1 PTC amortisation	12.86%
Cumulative collection efficiency ¹	98.99%
Cumulative prepayment rate	7.26%
Loss-cum-0+ dpd ²	3.20%
Loss-cum-30+ dpd ³	1.34%
Loss-cum-90+ dpd ⁴	0.00%
Cumulative cash collateral (CC) utilisation	0.00%

Transaction Structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (92% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 10.00% of the initial pool principal to be provided by the Originator, (ii) subordination of 8.00% of the initial pool principal for Series A1 PTCs, and (iii) the EIS of 19.21% of the initial pool principal for Series A1 PTCs.

¹ Cumulative collections including advances / (Cumulative billings + Opening overdue at the time of securitisation)

² Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation

³ Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation

⁴ Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 1,934 contracts, with the top 10 contracts forming 1.34% of the pool principal, reducing the exposure to any single borrower. The credit enhancement available in the form of subordination, CC and EIS would absorb a part of the losses in the pool and provide support in meeting the Series A1 PTC payouts.

No overdue contracts as on pool cut-off date – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, none of the contracts in the pool have been delinquent since origination.

Healthy credit bureau score of borrowers; high share of salaried borrowers – All the borrowers in the pool have a minimum CIBIL score of 715 and ~57% have a CIBIL score of at least 750, which reflects their relatively better credit profile. Further, all the borrowers in the pool are salaried professionals, alleviating the risk to some extent, given the steady cash flows of such borrowers vis-à-vis self-employed borrowers.

Adequate servicing capability of originator – The company has adequate processes for servicing the loan accounts in the securitised pool. It has established systems for collections and recoveries across a wide geography.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Andhra Pradesh, and Tamil Nadu, contributing ~51% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. The pool is exposed to the inherent credit risk associated with the unsecured nature of the asset class. Moreover, recoveries from delinquent contracts tend to be lower in this segment.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayment in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 5.25%, with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.80% to 18.00% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Ved Trust PTC Dec 2024
Originator	Piramal Finance Limited
Servicer	Piramal Finance Limited
Trustee	Catalyst Trusteeship Limited
Cash collateral holding Bank	IDFC First Bank
Collection and payout account Bank	IDFC First Bank

Liquidity position: Strong

The liquidity for the PTC instrument is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is 5.25 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating could be upgraded on the strong collection performance of the underlying pool (monthly collection efficiency >95%), on a sustained basis, leading to the build-up of credit enhancement cover for the remaining payouts

Negative factors – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical approach	
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

The erstwhile Piramal Capital Housing & Finance Limited (PCHFL) was incorporated in February 2017 as a subsidiary of Piramal Finance Limited and received its housing finance license from National Housing Bank (NHB) in September 2017. As per a scheme of amalgamation, Piramal Finance Limited and Piramal Capital Limited were merged with the erstwhile PCHFL, w.e.f. March 31, 2018, with PCHFL becoming a direct subsidiary of PEL. PCHFL provides real estate lending, housing finance, corporate lending, and emerging corporate lending across sectors. PCHFL has 508 branches spread across 25 states. In January 2021, PCHFL emerged as the successful resolution applicant for Dewan Housing Finance Corporation Limited (DHFL) that was undergoing insolvency and bankruptcy proceedings.

As per the resolution plan approved by the National Company Law Tribunal (NCLT), DHFL's existing liabilities were discharged by PCHFL and a consideration of Rs. 34,250 crore (comprising upfront cash of Rs. 14,700 crore and issuance of debt instruments of Rs. 19,550 crore) was paid to DHFL's creditors. PCHFL was reverse merged with DHFL with effect from September 30, 2021, and the amalgamated entity was rechristened Piramal Capital & Housing Finance Limited.

On May 8, 2024, Piramal Enterprises Limited (PEL) announced that its board of directors (BoD) has approved a composite scheme of arrangement, whereby PEL would be reverse merged with its wholly-owned subsidiary, PCHFL. The merged entity

would be renamed Piramal Finance Limited (PFL). Further, PCHFL's BoD approved the conversion of the entity to a non-banking financial company - investment and credit company (NBFC-ICC) from a housing finance company (HFC). Accordingly, PCHFL has applied to the Reserve Bank of India (RBI) for an NBFC-ICC license and will continue to operate as an HFC in the interim. The reverse merger is due in the current fiscal. The company received the NBFC-ICC license in April 2025.

The name of Piramal Capital Housing & Finance Limited has been changed to Piramal Finance Limited (PFL) with effect from March 22, 2025.

Key financial indicators

PCHFL	FY2023	FY2024	9M FY2025*
Accounting standard	Ind-AS	Ind-AS	Ind-AS
Total income	6,650	6,712	5,526
Profit after tax	-7,425	-1,911	-29
Assets under management	50,427	53,696	65,346
Gross non-performing assets (NPA)	3.50%	2.36%	3.00%
Net NPA	1.90%	1.00%	1.60%
CRAR	26.80%	21.64%	NA

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Limited review

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	Trust Name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years			
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					April 14, 2025	December 31, 2024	-	-
1	Ved Trust PTC Dec 2024	Series A1 PTCs	68.07	68.07	[ICRA]AA+ (SO)	Provisional [ICRA]AA+(SO)	-	-

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
Ved Trust PTC Dec 2024	Series A1 PTCs	Moderately Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

Trust Name	Instrument	Date of issuance / sanction	Coupon rate (p.a.p.m.)	Maturity date	Current amount rated (Rs. crore)	Current rating
Ved Trust PTC Dec 2024	Series A1 PTCs	December 25, 2024	9.90%	May 15, 2029	68.07	[ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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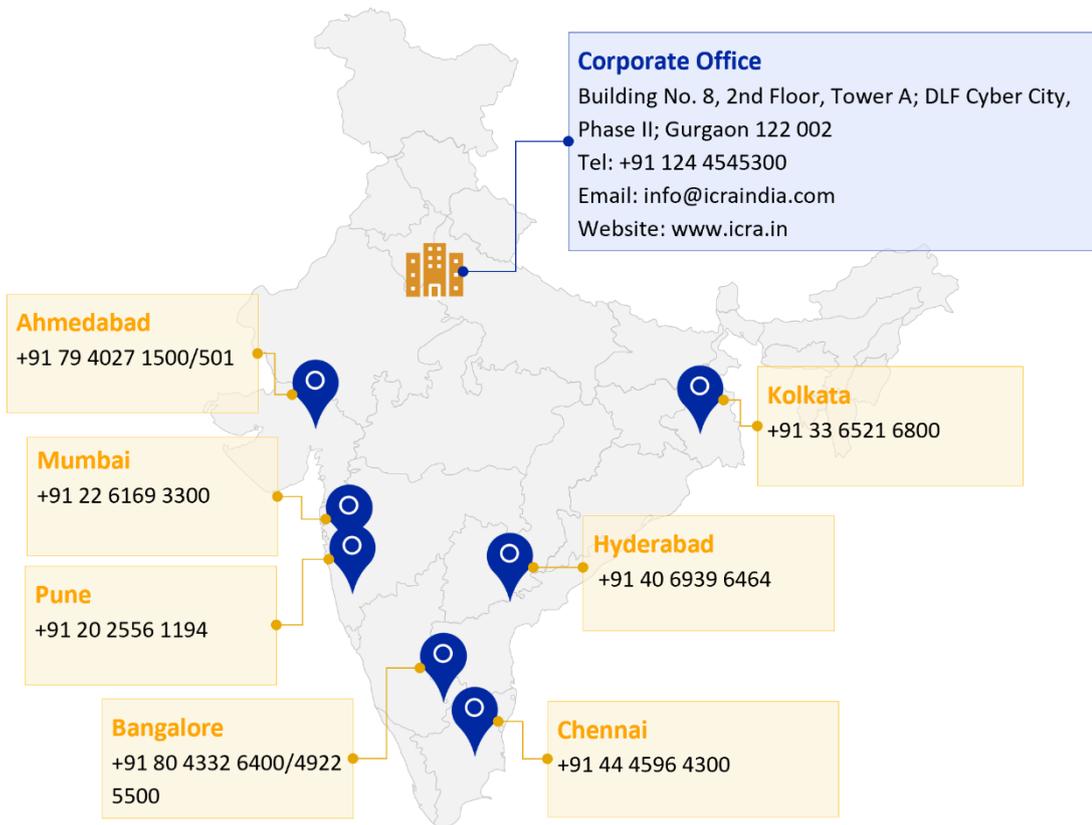
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