

September 22, 2025

Vedika Credit Capital Ltd: Rating upgraded for PTCs issued under microfinance loan securitisation transaction

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Achilles 2024	PTC Series A1	91.99	NA	26.98	[ICRA]A(SO); upgraded from [ICRA]A-(SO)

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by a pool of microfinance loan receivables originated by Vedika Credit Capital Ltd (Vedika/Originator). Vedika also acts as the servicer for the transaction.

The rating upgrade factors in the build-up of the credit enhancement cover over the future PTC payouts on account of high amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is below the actual collection level observed in the pool till the August 2025 payout month.

Pool performance summary

Particulars	Achilles 2024
Payout month	August 2025
Months post securitisation	11
Pool amortisation	63.61%
PTC Series A1 amortisation	70.68%
Cumulative collection efficiency ¹	99.90%
Loss-cum-0+ days past due (dpd ² ; % of initial pool)	0.52%
Loss-cum-30+ dpd ³ (% of initial pool)	0.09%
Loss-cum-90+ dpd ⁴ (% of initial pool)	0.00%
Cumulative cash collateral (CC) utilisation	0.00%
Cumulative prepayment rate	0.00%
Breakeven collection efficiency ⁵ for PTC Series A1	42.88%
CC (% of balance pool)	27.48%
Principal subordination (% of balance pool) PTC Series A1	27.48%
Excess interest spread (EIS ⁶ ; % of balance pool) PTC Series A1	7.99%

¹ (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

² Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 0 days, as a % of initial pool principal

³ Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of initial pool principal

⁴ Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of initial pool principal

⁵ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

⁶ (Pool cash flows – Cash flows to PTC investors – Originator's residual share)/Pool principal outstanding

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 (100% 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 PTC Series A1 principal.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement with the subordination increasing to ~27% of the balance pool principal from 10% at the time of securitisation. Credit support is also available through cash collateral (CC) of ~27% and excess interest spread (EIS) of ~8% of the balance pool principal.

Healthy pool performance – The pool's performance has been strong with a cumulative collection efficiency of ~99% till the August 2025 payout month. The breakeven collection efficiency has also declined to ~43%.

Adequate servicing capability of Vedika – The company has adequate processes for servicing of the loan accounts in the securitised pool. It has demonstrated long track record of regular collections and recovery across geography and multiple economic cycles.

Credit challenges

Risks associated with lending business – The pool's performance would remain exposed to macroeconomic 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 performance of microfinance loans would also be exposed to political and communal risks.

Increasing delinquencies in microfinance sector – The microfinance sector witnessed a decline in collections and a consequent rise in delinquencies since the previous fiscal on account of multiple factors like heat waves, general elections, borrower overleveraging and attrition in collection teams. The sustained impact, if any, of these factors on the collections from the pool would be monitorable. The pool has seen a dip in collections in the last few months and an increase in delinquencies though there has been healthy build-up of the credit enhancement cover.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments 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 1.50% of the initial principal outstanding (POS). The average prepayment rate for the underlying pool is modelled in the range of 3% to 9% 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	Achilles 2024
Originator	Vedika Credit Capital Ltd
Servicer	Vedika Credit Capital Ltd
Trustee	Catalyst Trusteeship Limited
CC bank	Bank of Maharashtra
CPA bank	ICICI Bank Limited

CPA – Collection and payout account

Liquidity position: Superior

The liquidity for PTC Series A1 is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be more than 10 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

Negative factors – The sustained weak collection performance of the underlying pool of contracts (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 performance of the pool till July 2025 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

Vedika Credit Capital Ltd is a non-deposit taking non-banking financial company (NBFC). It was originally registered as a private limited company but was later converted into a public limited company in November 1995. It was recognised and re-registered to carry out the business of an NBFC with approval from the Reserve Bank of India in March 1998. Until February 2004, the company was involved in stockbroking activities under its earlier owners. In February 2004, it was acquired by its present owners, who stopped the stockbroking activities and started financing activities. They were carrying out financing activities through a sole proprietorship and the business was diverted to Vedika following the acquisition. Since 2007, the company has been providing microfinance products like joint liability group loans and individual loans. As of Q1 FY2026, the company's assets under management (AUM) stood at Rs. 1,475.6 crore.

Key financial indicators

Vedika	FY2024	FY2025	Q1 FY2026
	Audited	Audited	Provisional
Total income	229.2	265.6	63.68
Profit after tax	27.9	30.8	8.77
Total managed assets	1,645.1	1,763.1	1,778.6
CRAR	23.5%	29.7%	29.7%
Gross stage 3 (GS3) NPA	0.7%	2.1%	1.9%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. no.	Trust name	Current rating (FY2026)				Chronology of rating history for the past 3 years			
		Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023
					Sep 22, 2025	Nov 14, 2024	Sep 19, 2024		
1	Achilles 2024	PTC Series A1	91.99	26.98	[ICRA]A(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

Complexity level of the rated instrument

Transaction	Instrument	Complexity indicator
Achilles 2024	PTC Series A1	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 name	Date of issuance	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
Achilles 2024	PTC Series A1	September 20, 2024	13.00%	June 15, 2026	26.98	[ICRA]A(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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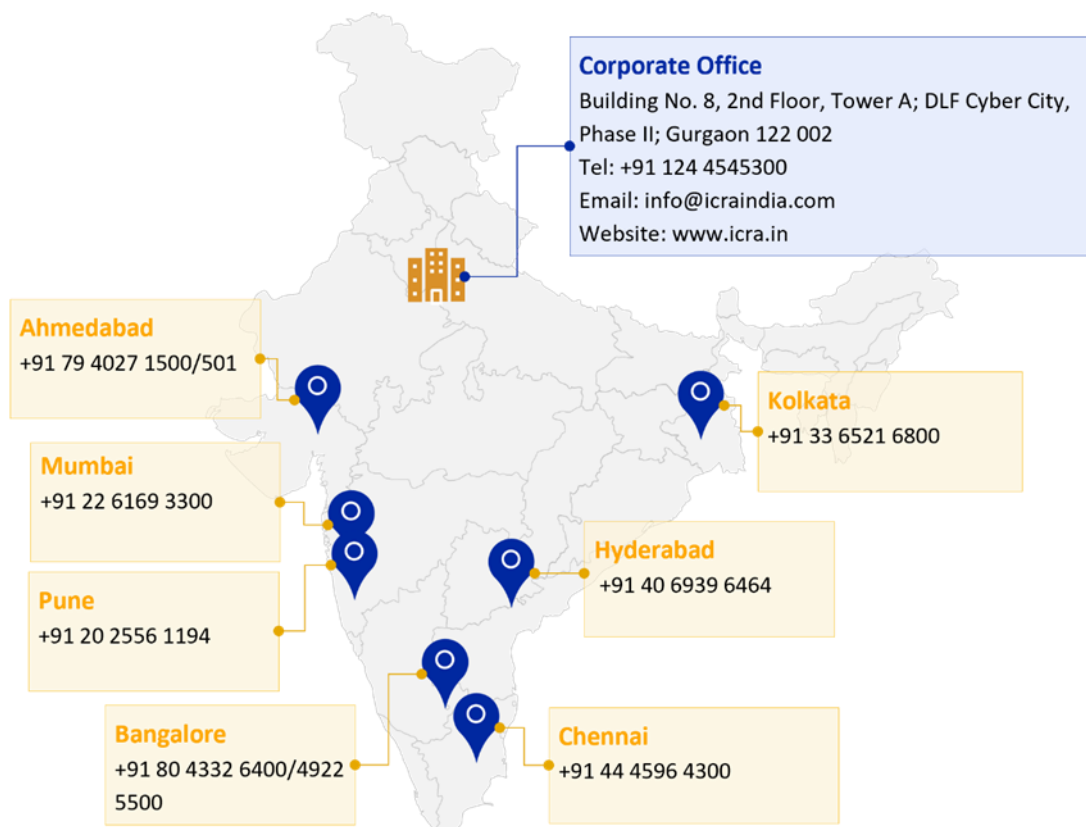


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