

January 13, 2026

Piramal Finance Limited (formerly Piramal Capital & Housing Finance Limited): Rating confirmed as final for Series A1 PTCs backed by personal loan receivables issued by VED TRUST PTC JULY 2025

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
VED TRUST PTC JULY 2025	Series A1 PTCs	117.88	117.88	[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 certificates (PTCs) issued by VED TRUST PTC JULY 2025 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. 128.13 crore (pool receivables of Rs. 167.78 crore). PFL will be the servicer for the transaction.

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

Transaction name	VED TRUST PTC JULY 2025
First payout date	October 16, 2025
Months post securitisation	3
Pool amortisation	15.82%
Series A1 PTCs amortisation	17.20%
Cumulative prepayment rate	8.08%
Cumulative collection efficiency ¹	98.76%
Loss cum 0+ dpd ²	2.58%
Loss cum 30+ dpd ³	0.88%
Loss cum 90+ dpd ⁴	0.17%
Cumulative cash collateral 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 PTCs principal.

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

The credit enhancement available in the structure is in the form of (i) a CC of 10.00% of the initial pool principal, provided by the Originator, (ii) subordination of 8.00% of the initial pool principal for Series A1 PTCs, and (iii) the excess interest spread (EIS) of 16.81% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement - The pool is granular, consisting of 2,927 contracts, with the top 10 contracts forming 0.77% of the pool principal, reducing the exposure to any single borrower. The credit enhancement available in the form of subordination, cash collateral (CC) and excess interest spread (EIS) would absorb some amount of the losses in the pool and provide support in meeting the Series A1 PTC payouts.

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

Healthy bureau score of borrowers and high share of salaried borrowers – All the borrowers in the pool have a minimum CIBIL score of 710 and ~68% of borrowers have a CIBIL score of atleast 750 which reflects their relatively better credit profile. Further, all the borrowers in the pool are salaried professionals, which alleviates the risk to some extent given the steady cash flows of such borrowers vis-à-vis self-employed borrowers.

Adequate servicing capability of PFL - The company has adequate processes for servicing the loan accounts in the securitised pool. It has established systems for collection and recovery across a wide geography.

Credit challenges

High geographical concentration: The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Telangana, and Andhra Pradesh contributing ~50% 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 and that recovery from delinquent contracts tends to be lower.

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 4.50% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18% 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 JULY 2025
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 would be 5.50 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 (PFL) 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 licence 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 Piramal Enterprises Limited (PEL). PCHFL provides real estate lending, housing finance, corporate lending, and emerging corporate lending across sectors. It has 508 branches spread across 25 states. In January 2021, PCHFL emerged as the successful resolution applicant for Dewan Housing Finance Corporation Limited (DHFL), which 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, PEL announced that its board of directors (BoD) had approved a composite scheme of arrangement, whereby PEL would be reverse merged with its wholly-owned subsidiary, PCHFL. Further, in March 2025, PCHFL received approval to change its name to 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, PFL applied to the Reserve Bank of India (RBI) for an NBFC-ICC licence and received the same in April 2025. PFL received approval from the NCLT for the reverse merger and the same is effective from September 16, 2025.

Key financial indicators-PFL (Consolidated)

PFL	FY2024	FY2025	Q1 FY2026*
As per	Ind-AS	Ind-AS	Ind-AS
Total income	6,463.4	7,604.7	2,250.4
PAT	(1,903.5)	35.2	85.3
Total managed assets	73,881.3	89,644.5	94,334.6
Gross stage 3	2.1%	2.6%	2.9%
CRAR (standalone)	21.6%	21.5%	NA

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

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
					January 13, 2026	September 05, 2025			
1	VED TRUST PTC JULY 2025	Series A1 PTCs	117.88	117.88	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-	-	-

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
VED TRUST PTC JULY 2025	Series A1 PTCs	Highly 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 JULY 2025	Series A1 PTCs	September 04, 2025	9.05%	July 16, 2029	117.88	[ICRA]AA+(SO)

Source: Company; *Fixed

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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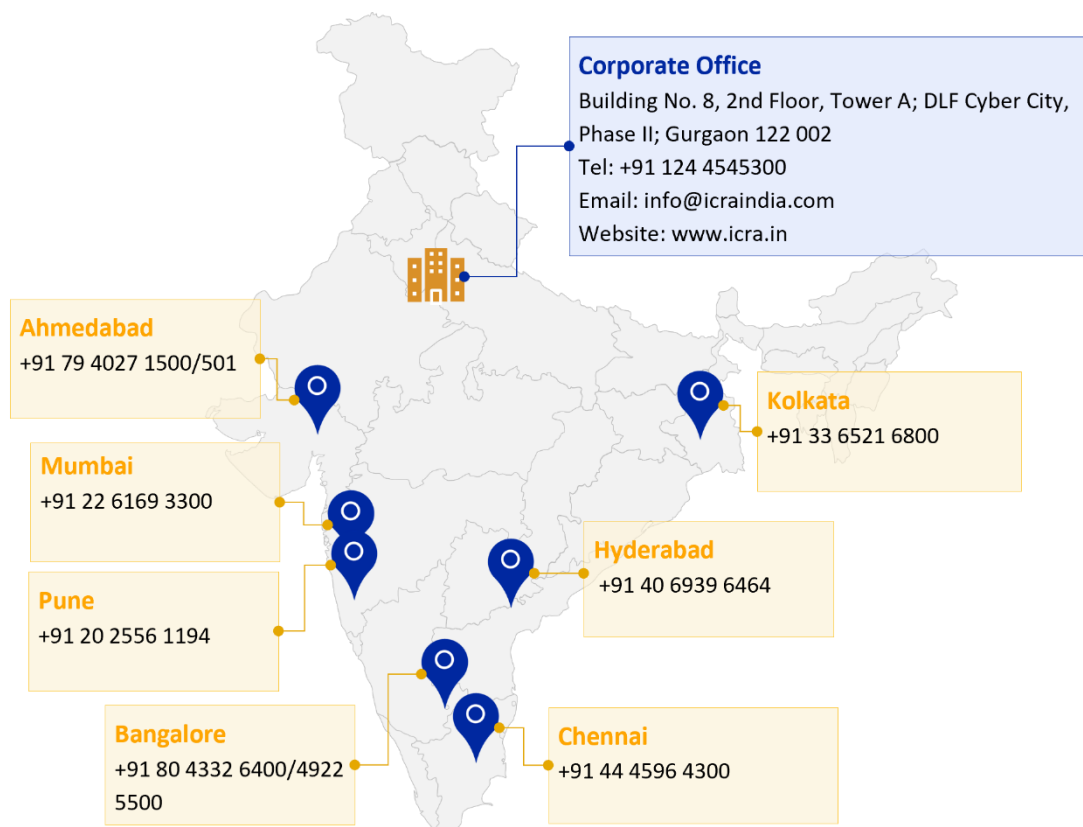


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