March 23, 2026

Piramal Finance Limited (formerly Piramal Capital & Housing Finance Limited): Rating confirmed as final for Series A1 PTCs backed by used car loan receivables issued by Phoenix Trust PTC Oct 2025

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Phoenix Trust PTC Oct 2025	Series A1 PTCs	286.68	286.68	[ICRA]AAA(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 Phoenix Trust PTC Oct 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 used car loan receivables with an aggregate principal outstanding of Rs. 308.26 crore (pool receivables of Rs. 399.58 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	Phoenix Trust PTC Oct 2025
First payout date	January 15, 2026
Months post securitisation	3
Pool amortisation	15.36%
Series A1 PTCs amortisation	18.16%
Cumulative prepayment rate	6.96%
Cumulative collection efficiency[1]	98.49%
Loss cum 0+ dpd[2]	3.22%
Loss cum 30+ dpd[3]	1.07%
Loss cum 90+ dpd[4]	0.20%
Cumulative cash collateral utilisation	0.00%

Transaction Structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (93% of the pool principal billed). Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal. The residual cash flows from the pool, after meeting the promised and expected payouts, will be used for the prepayment of the Series A1 PTC principal. Further, the cash collateral (CC) can be utilised in case of a shortfall in any month for the payment of the promised interest and principal payout to Series A1 PTCs (93% of the pool principal billed).

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[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, amounting to Rs. 30.83 crore, to be provided by the Originator, (ii) subordination of 7.00% of the initial pool principal for Series A1 PTCs, and (iii) the excess interest spread (EIS) of 19.25% 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 5,950 contracts, with the top 10 contracts forming 0.72% 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 some 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 were no overdue contracts as on the cut-off date. Further, none of the contracts in the pool have been delinquent since origination. In addition, the weighted average seasoning of the pool is ~13 months.

Healthy bureau score of borrowers – Around 78% of the borrowers have a CIBIL score of more than 700, reflecting their relatively better credit profile.

Adequate servicing capability of PFL – 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 moderate geographical concentration with the top 3 states, viz. Maharashtra, Karnataka, and Tamil Nadu, contributing ~39% to the initial pool principal amount. Its 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 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 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.

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	Phoenix Trust PTC Oct 2025
Originator	Piramal Finance Limited
Servicer	Piramal Finance Limited
Trustee	Catalyst Trusteeship Limited
Cash collateral holding Bank	Barclays Bank PLC
Collection and payout account Bank	Barclays Bank PLC

Liquidity position: Superior

The liquidity for the PTC instrument is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be 7.00 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable.

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

PFL is an upper layer NBFC with a presence in the retail and wholesale lending segment. As on December 31, 2025, its AUM stood at Rs. 96,690 crore. The retail lending business comprises housing loans to customers in the affordable and budget segments, secured and unsecured lending to small businesses, preowned car loans, loan against securities, and unsecured finance constituting microfinance, digital purchase finance, salaried personal loans, etc. In the wholesale lending space, it extends loans to real estate developers as well as corporate clients. The consolidated retail operations are backed by a network of over 518 conventional branches and 76 microfinance branches across 26 states and Union Territories as of December 2025.

The Group forayed into the financial services sector with erstwhile Piramal Capital & Housing Finance Limited (PCHFL), a housing finance company (HFC) that provided both wholesale and retail finance across segments. PCHFL was chosen as the successful resolution applicant by DHFL's Committee of Creditors for the resolution of DHFL, an HFC catering to the low-and-middle-income borrower segment. The erstwhile PCHFL was reverse merged with DHFL, with effect from September 30, 2021, and the amalgamated entity (DHFL) was rechristened PCHFL. Thereafter, with the healthy growth in its non-housing retail lending book, PCHFL did not meet the principal business criteria (PBC) set for HFCs and it applied for a non-banking financial company-investment and credit company (NBFC-ICC) licence. It received this licence on April 4, 2025. Also, the company was rechristened Piramal Finance Limited (PFL) on March 22, 2025.

Piramal Enterprise Limited (PEL), the erstwhile holding company of the Group, received its NBFC licence as a part of a planned corporate restructuring exercise, whereby the pharma business was demerged from PEL and housed under a separate listed entity – Piramal Pharma Limited {(PPL); rated [ICRA]A1+]. Further, PHL Fininvest Private Limited (PFPL), a wholly-owned subsidiary of PEL and the NBFC arm of the Group, was merged into PEL w.e.f. August 12, 2022.

To simplify the organisation structure and abide by the listing requirement of an upper layer NBFC, the management proposed a reverse amalgamation of PEL with PFL in Q1 FY2025. This scheme received RBI approval on April 8, 2025 and National Company Law Tribunal (NCLT) approval on September 11, 2025, with an effective date of September 16, 2025.

The Group also has strategic partnerships with financial institutions such as the Canada Pension Plan Investment Board, APG Asset Management and Ivanhoe Cambridge (subsidiary of Caisse de dépôt et placement du Québec; CDPQ) across investment platforms. Piramal Alternatives, the fund management business, provides customised financing solutions to select corporates through Piramal Credit Fund, a performing, sector-agnostic credit fund with capital commitment from CDPQ, and IndiaRF, a distressed asset investing platform with Bain Capital Credit, which invests in equity and/or debt across non-real estate (RE) sectors. PEL also has a 50% stake in Pramerica Life Insurance (a joint venture with Prudential International Insurance Holdings) and equity investments in Shriram Group.

Key financial indicators-PFL (Consolidated)

Particulars	FY2024	FY2025	9MFY2026*
	PEL-Consolidated	PEL-Consolidated	PFL-Consolidated after reverse merger
Total income#	10,057.6	9,402.6	NA
Reported Total income	10,178.4^	10,611.9^	8,565.50
PAT	(1,683.5)	485.5	1,004.40
Total managed assets	84,228.0	1,01,945.4	~1,13,900
Return on managed assets	-1.9%	0.5%	1.2%
Reported gearing (times)	2.0	2.4	3.1
Managed gearing (times)	2.1	2.7	2.6
Gross stage 3	2.1%	2.8%	2.7%
CRAR (Consolidated)	25.6%	23.6%	20.3%

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Limited review numbers; ^Difference is largely due to reversal of provision on AIFs and other financial instruments, and recoveries from bad debt*

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 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
					March 23, 2026	November 26, 2025	-	-	-
1	**Phoenix Trust PTC Oct 2025**	Series A1 PTCs	286.68	286.68	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**	-	-	-

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
Phoenix Trust PTC Oct 2025	**Series A1 PTCs**	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
Phoenix Trust PTC Oct 2025	Series A1 PTCs	November 21, 2025	8.30%	October 15, 2031	286.68	[ICRA]AAA(SO)

*Source: Company; *Fixed*

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
+91 22 61143470
sachin.joglekar@icraindia.com

Anubhav Agrawal
+91 22 6114 3439
anubhav.agrawal@icraindia.com

Abhishek Jena
+91 22 6114 3432
abhishek.jena@icraindia.com

Ekta Baheti
+91 22 6114 3454
ekta.baheti@icraindia.com

RELATIONSHIP CONTACT

Mr. L Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches