June 30, 2026

Piramal Finance Limited (formerly Piramal Capital & Housing Finance Limited): Provisional [ICRA]AAA(SO) assigned to PTCs backed by used car loan receivables issued by Phoenix Trust PTC June 2026

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Phoenix Trust PTC June 2026	Series A1 PTCs	453.70	Provisional [ICRA]AAA(SO); assigned

**Instrument details are provided in Annexure II*

Rating in the absence of the pending actions/documents	No rating would have been assigned as it would not be meaningful

Rationale

The pass-through certificates (PTCs) are backed by a pool of used car loan receivables originated by Piramal Finance Limited (PFL; formerly known as Piramal Capital & Housing Finance Limited {rated [ICRA]AA+(Stable)}) with an aggregate principal outstanding of Rs. 501.32 crore (pool receivables of Rs. 648.71 crore). PFL would also act as the servicer of the transaction.

The provisional rating is based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The rating is subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (90.50% 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 (90.50% of the pool principal billed).

The credit enhancement available in the structure is in the form of (i) a CC of 7.50% of the initial pool principal, amounting to Rs. 37.60 crore, to be provided by the Originator, (ii) subordination of 9.50% (comprising equity tranche of 2.50% and over-collateralisation (OC) of 7.00%) of the initial pool principal for Series A1 PTCs, and (iii) the excess interest spread (EIS) of 19.82% 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 10,531 contracts, with the top 10 contracts forming 0.49% 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. In addition, the weighted average seasoning of the pool is ~12 months.

Healthy bureau score of borrowers – Around ~73% of borrowers have a CIBIL score of more than 725 which reflects 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. Karnataka, Telangana, and Maharashtra contributing ~37% 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 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.

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 analysis of the performance of PFL's used car loan portfolio till March 2026, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

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

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into a final rating upon the execution of:

1. Trust deed
2. Assignment agreement
3. Power of Attorney
4. Legal opinion
5. Trustee letter
6. Other key or important documents executed for the transaction

Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Rating available at www.icra.in.

About the originator

PFL is an upper layer NBFC with a presence in the retail and wholesale lending segment. As on March 31, 2026, its AUM stood at Rs. 1,01,230 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 701 branches across 26 states and Union Territories as of March 2026.

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

Particulars	FY2024	FY2025	FY2026
	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^	12,031.6
PAT	(1,683.5)	485.5	1,506.1
Total managed assets	84,228.0	1,01,945.4	~1,21,191.2
Reported gearing (times)	2.0	2.4	2.8
Managed gearing (times)	2.1	2.7	3.2
Gross stage 3	2.1%	2.8%	2.4%
CRAR (Consolidated)	25.6%	23.6%	19.5%

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

	Trust name	Current rating (FY2027)				Chronology of rating history for the past 3 years		
		Instrument	Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
					June 30, 2026	-	-	-
1	**Phoenix Trust PTC June 2026**	Series A1 PTCs	453.70	453.70	**Provisional [ICRA]AAA(SO)**	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure : SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
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 II: Instrument details

Trust name	Instrument	Date of issuance/ Sanction	Maturity date	Amount rated (Rs. crore)	Current rating
Phoenix Trust PTC June 2026	Series A1 PTCs	June 24, 2026	October 15, 2031	453.70	Provisional [ICRA]AAA(SO)

Source: Company

Annexure III: List of entities considered for consolidated analysis

Not applicable

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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

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