

July 21, 2026

Veritas Finance Limited: Rating actions for PTCs issued under small business loan and home construction loan securitisation transactions

Summary of rating actions

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Amount O/s after Jun-26 payout (Rs. crore)	Rating action	#FSR
Vajra 009 Trust	Series A1 PTC	200.00	83.77	0.00	[ICRA]AAA(SO); Withdrawn	SEBI
	Series A2 PTC	100.00	100.00	82.89	[ICRA]AAA(SO); Upgraded from [ICRA]AA+(SO)	
Vajra 010 Trust	Series A1 PTC	50.00	32.76	17.62	[ICRA]AAA(SO); Reaffirmed	

*Instrument details are provided in Annexure I; #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.

Rationale

The pass-through certificates (PTCs) are backed by pools of small business loan (SBL) and home construction loan (HCL) receivables originated by Veritas Finance Limited (Veritas/Originator). Veritas is also the servicer for the transactions.

The rating actions factor in the build-up of the credit enhancement cover over the future PTC payouts on account of high amortisation and healthy pool performance. The ratings also draw comfort from the fact that the breakeven collection efficiency is lower compared to the actual collection level observed in the pools till the June 2026 payout month.

ICRA has also withdrawn the rating for Series A1 PTC for Vajra 009 as all the payouts have been made and no further payments are due to the investors. For this instrument, the key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale of the previous rating exercise is available at the following link: [Click here](#).

Pool performance summary

Parameter	Vajra 009 Trust	Vajra 010 Trust
Payout month	June 2026	June 2026
Months post securitisation	24	24
Pool amortisation (as % of initial pool principal)	58.43%	53.02%
PTC amortisation (as % of initial PTC principal)		
Series A1	-	64.75%
Series A2	17.11%	-
Last 3 months' average monthly collection efficiency ¹	91.55%	94.09%
Cumulative collection efficiency ²	96.01%	97.31%
Cumulative prepayment rate ³	22.82%	22.21%
Loss-cum-0+ dpd (% of initial pool principal) ⁴	4.99%	5.83%
Loss-cum-30+ dpd (% of initial pool principal) ⁵	4.23%	4.64%

¹ Average of (Total current and overdue collections for the month as a % of Total billing for the month) for 3 months

² Cumulative collections / (Cumulative billings + Opening overdue at the time of securitisation)

³ Principal outstanding at the time of prepayment of contracts prepaid till date / Initial pool principal

⁴ Unbilled and overdue principal portion of contracts delinquent for more than 0 days, as a % of Initial pool principal

⁵ Unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

Loss-cum-90+ dpd (% of initial pool principal) ⁶	2.74%	2.52%
Breakeven collection efficiency ⁷	-	46.45%
Series A1 PTC		
Series A2 PTC	40.06%	-
Cumulative cash collateral (CC) utilisation	0.00%	0.00%
CC available (as % of balance pool)	10.83%	10.64%
Excess interest spread (EIS; as % of balance pool) ⁸	-	28.44%
Series A1 PTC		
Series A2 PTC	28.25%	-
Principal subordination (% of balance pool principal)	-	32.74%
Series A1 PTC		
Series A2 PTC	40.30%	-

Transaction structure

Vajra 009 Trust

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout (on pari-passu basis to the holders of Series A1 PTC and Series A2 PTC on the outstanding PTC principal) and principal payout (59.87% of the pool principal billed) to Series A1 PTC. The balance principal (40.13% of the pool principal billed), after the replenishment of the credit enhancement, is expected to be paid on a monthly basis until the maturity of Series A1 PTC. A part of the residual cash flow from the pool (35%), after meeting the promised and expected payouts, will be used for the prepayment of the Series A1 PTC principal while the balance (65%) would be used for the payment of the equity tranche. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

After the maturity of Series A1 PTC, the monthly cash flow schedule to Series A2 PTC comprises the promised interest payout and principal payout (89.81% of the pool principal billed). The balance principal (10.19% of the pool principal billed), after the replenishment of the credit enhancement, is expected to be paid on a monthly basis until the maturity of Series A2 PTC. A structure similar to the one used for Series A1 PTC would be followed to make the residual cash flow and prepayment payouts to Series A2 PTC. Further, ICRA notes that in case of a shortfall in collections at the end of the scheduled maturity date of the PTCs, the cash collateral (CC) will be utilised first for paying the dues towards Series A1 PTC and then for the dues towards Series A2 PTC.

Vajra 010 Trust

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (89.65% of the pool principal billed) to Series A1 PTC. The balance principal (10.35% of the pool principal billed), after the replenishment of the credit enhancement, is expected to be paid on a monthly basis until the maturity of Series A1 PTC. A part of the residual cash flow from the pool (25%), after meeting the promised and expected payouts, will be used for the prepayment of the Series A1 PTC principal while the balance (75%) would be used for the payment of the equity tranche. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

Key rating drivers and their description

Credit strengths

Healthy pool performance – Performance of the pools have been healthy with cumulative collection efficiency above 95% till June 2026 payout month which has resulted in low delinquencies in the pools with 90+ days past due (dpd) sub 2.8%. Further,

⁶ Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

⁷ (Balance cash flows payable to investor – CC available) / Balance pool cash flows

⁸ (Pool cash flows till PTC maturity month – Cash flows to PTC A1 – Originator's residual share) / Pool principal outstanding

there have been no instances of cash collateral utilisation till date owing to strong collection performance and presence of EIS in the transaction.

Considerable build-up of credit enhancement – The rating factors in the build-up in the credit enhancement with cash collateral increasing to 10.8% and 10.6% of the balance pool for Vajra 009 and Vajra 010 respectively compared to 4.50% and 5.00% at the time of securitisation. Internal credit support is also available through scheduled EIS and subordination.

Contracts backed by self-occupied residential properties – The pools are majorly backed by self-occupied residential properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

Adequate servicing capability of Veritas – The company has adequate processes for servicing the loan accounts in the securitised pool. It has demonstrated an established track record of almost a decade of regular collections and recovery across multiple geographies.

Credit challenges

Risks associated with lending business – The pool 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.

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 pools, ICRA has estimated the shortfall in the pool principal collection during its tenure at 2.75% and 3.00% for Vajra 009 and Vajra 010, respectively, of the pool principals with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18.0% 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 transactions are as follows:

Transaction Name	Vajra 009	Vajra 010
Originator	Veritas Finance Limited	Veritas Finance Limited
Servicer	Veritas Finance Limited	Veritas Finance Limited
Trustee	Axis Trustee Services Limited	
CC holding bank	ICICI Bank	ICICI Bank
Collection and payout account bank	ICICI Bank	ICICI Bank

Liquidity position: Superior

The liquidity for the PTC instruments for both the transactions is superior after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be greater than 9 times the estimated loss in the pools.

Rating sensitivities

For Vajra 009 (Series A2 PTC) & For Vajra 010

Positive factors – NA

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 actions are based on the performance of the pools till June 2026 payout month, present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of the pools.

Analytical Approach	Comments
Applicable rating methodologies	Securitisation Transactions ICRA's Policy on Withdrawal of Credit Rating
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Veritas Finance Limited (Veritas) is a non-banking financial company (NBFC) incorporated on April 30, 2015 and registered with the Reserve Bank of India (RBI). The company lends to borrowers engaged in the micro, small and medium enterprise (MSME) sector with a primary focus on providing inclusive finance to self-employed borrowers for their businesses. As on March 31, 2026, Veritas had 511 branches across 10 states, namely Tamil Nadu, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana, Bihar, Jharkhand, Chhattisgarh and Madhya Pradesh, as well as the Union Territory (UT) of Puducherry.

Veritas had a gross loan portfolio of Rs. 9,134 crore as on March 2026 (Rs. 7,349 crore as on March 31, 2025). The company has divided the MSME loan product segment into two broad heads – MSME Rural and MSME Urban, apart from home loans. MSME Rural consists of small business loans (SBLs) and home construction loans (HCLs) while MSME Urban is focused on unsecured business loans meant for working capital purposes. The home loan (HL) segment focusses on affordable housing. These products are differentiated on the basis of the purpose of the loan, customer segment, etc.

As on March 31, 2026, the founder (Mr. Arulmany) and his relatives held 9.86% (fully-diluted basis) while other shareholders include Norwest Venture Partners X Mauritius (21.90%), Multiples PE and affiliates (16.47%), Kedaara Capital Fund II LLP (15.30%), Lok Capital and affiliates (13.86%), British International Investments Plc. (10.48%), Avendus Future Leaders Fund (2.94%), and Caspian Impact Investment Advisers Private Limited (0.19%). The balance is held by individual shareholders and employees and their relatives.

Key financial indicators

Veritas Finance Limited	Audited	Audited	Audited
	FY2024	FY2025	FY2026
Total Income (Rs. crore)	1,124	1,566	1,857
PAT (Rs. crore)	245	295	328
AUM (Rs. Cr.)	5,724	7,349	9,134
Gross NPA (%)	1.8%	2.2%	2.5%
Net NPA (%)	0.9%	1.1%	1.4%
CRAR (%)	41.5%	37.8%	33.2%

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: Veritas Finance Limited was rated by another CRA and its rating was not migrated to speculative / default category in the current and the last three financial years.

Rating history for past three years

Trust name	Current rating (FY2027)			Chronology of rating history for the past 3 years				
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025		Date & rating in FY2024
				Jul 21, 2026	Jul 18,2025	Jul 03,2024	Jun 27,2024	
Vajra 009 Trust	Series A1 PTC	200.00	0.00	[ICRA]AAA(S O) Withdrawn	[ICRA]AAA(S O)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	
	Series A2 PTC	100.00	82.89	[ICRA]AAA(S O)	[ICRA]AA+(S O)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	

Trust name	Current rating (FY2027)				Chronology of rating history for the past 3 years			
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025		Date & rating in FY2024
				Jul 21, 2026	Jul 18, 2025	Jul 03,2024	Jun 27,2024	-
Vajra 010 Trust	Series A1 PTC	50.00	17.62	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA+ (SO)	Provisional [ICRA]AA+(SO)	-

Complexity level of the rated instruments

Trust Name	Instrument	Complexity Indicator
Vajra 009 Trust	Series A1 PTC	Highly Complex
	Series A2 PTC	Highly Complex
Vajra 010 Trust	Series A1 PTC	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

ISIN No.	Trust Name	Instrument Type	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date*	Current Rated Amount (Rs. crore)	Current Rating	#FSR
INE0YD015016	Vajra 009 Trust	Series A1 PTC	June 26, 2024	9.25%	November 20, 2030	0.00	[ICRA]AAA(SO); Withdrawn	SEBI
INE0YD015024		Series A2 PTC	June 26, 2024	9.75%	November 20, 2030	82.89	[ICRA]AAA(SO)	
INE0YD715011	Vajra 010 Trust	Series A1 PTC	June 26, 2024	9.50%	September 20, 2030	17.62	[ICRA]AAA(SO)	

*scheduled maturity at transaction initiation, may change on account of prepayments in the underlying pool. Source: Company; #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.

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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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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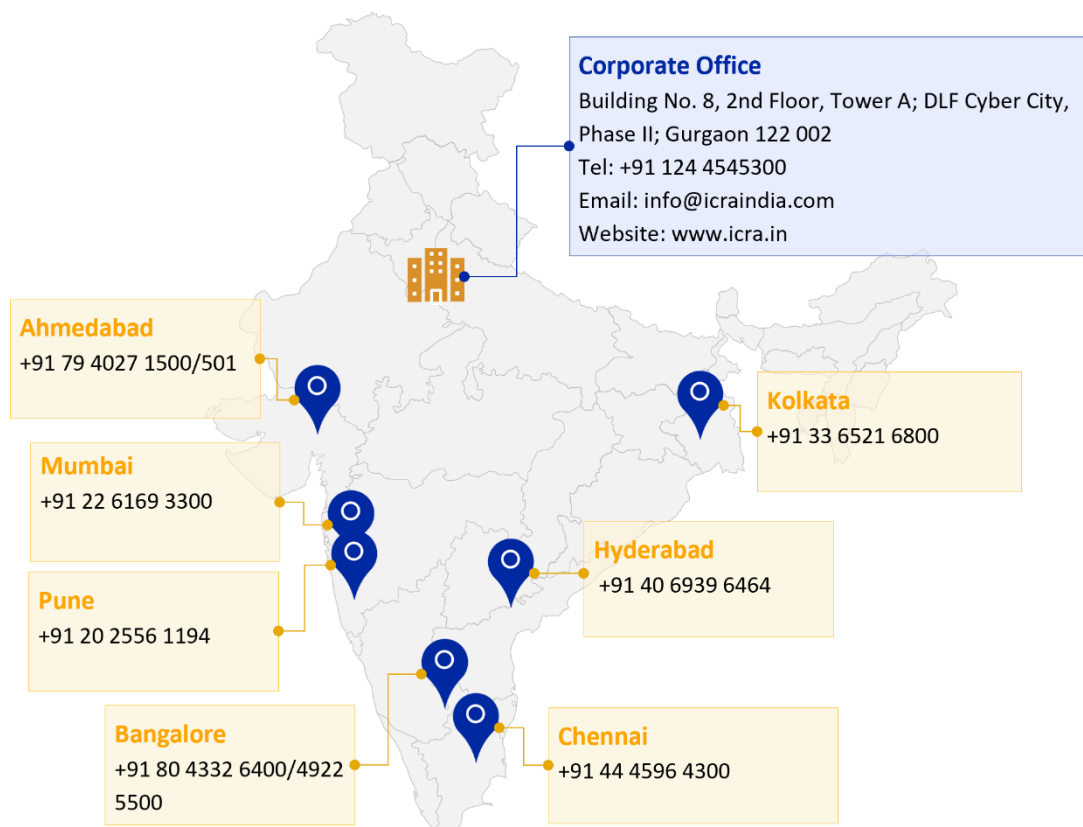


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