March 17, 2025

Piramal Enterprises Limited: Rating confirmed as final for PTCs backed by personal loan receivables issued by Ved Trust PTC 2024

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Ved Trust PTC 2024	Series A1 PTCs	92.50	[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 certificate (PTCs) issued by Ved Trust PTC 2024 under a securitisation transaction initially originated by Piramal Capital & Housing Finance Limited {PCHFL; rated [ICRA]AA(Stable)}. The pool of assets, which has been securitised, was acquired by Piramal Enterprises Limited {PEL; rated [ICRA]AA (Stable)} from PCHFL through direct assignment. The PTCs are backed by a pool of personal loan receivables with an aggregate principal outstanding of Rs. 100.54 crore (pool receivables of Rs. 128.18 crore).

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

Parameter	Ved Trust PTC 2024
Payout month	January 2025
Months post securitisation	2
Pool amortisation	12.79%
Series A1 PTC amortisation	13.90%
Cumulative collection efficiency[1]	97.36%
Cumulative prepayment rate	8.21%
Loss-cum-0+ dpd[2]	3.44%
Loss-cum-30+ dpd[3]	1.22%
Loss-cum-90+ dpd[4]	0.00%
Cumulative cash collateral (CC) utilisation	0.00%

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[1] Cumulative collections including advances / (Cumulative billings + Opening overdues 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

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 PTC principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (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 EIS of 14.07% of the initial pool principal for Series A1 PTCs.

The transaction structure includes turbo trigger events as given below:

a) The rating of Series A1 PTCs are **downgraded below "AA+(SO)"**
b) The credit rating of the Seller is **downgraded by 2 (two) or more notches** below the current rating level by any SEBI accredited credit rating agency
c) The **PAR>30 in the Pool exceeds 6.00%** of the initial Pool Principal
d) Any Servicer's Event of Default has occurred, which has not been cured within the cure periods mutually agreed under the Transaction Documents, including occurrence of Material Adverse Effect on the Servicer, breach of any Representations and Warranties by the Originator/Servicer and failure of the Originator/Servicer to meet its obligations.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement: The pool is granular, consisting of 3,404 contracts, with the top 10 contracts forming 0.79% 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.

Seasoned contracts with no overdue 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, ~95% of the contracts in the pool have never been delinquent since origination while the peak dpd in the balance contracts is up to one month. In addition, the pool has amortised by ~30%.

Healthy bureau score of borrowers; high share of salaried borrowers: All the borrowers in the pool have a minimum CIBIL score of 700 and ~68% of borrowers have a CIBIL score of more than or equal to 750 which which reflects their relatively better credit profile. Further, ~90% of 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 the originator - 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, Tamil Nadu, and Andhra Pradesh, contributing ~51% 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 prepayment 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 18.0% 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 transaction are as follows:

Transaction Name	Ved Trust PTC 2024
Originator	Piramal Capital & Housing Finance Limited
Servicer	Piramal Capital & Housing 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 5.75 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 (PCHFL) 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	[Rating Methodology for Securitisation Transactions](#)
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Piramal Enterprises Limited (PEL) is a non-banking financial company (NBFC), which was registered with the Reserve Bank of India (RBI) w.e.f. July 22, 2022. It has a presence in retail lending, wholesale lending, and fund-based platforms, primarily through standalone operations and its wholly-owned subsidiary, i.e. Piramal Capital and Housing Finance Limited (PCHFL). As of March 2024, the company's consolidated operations comprised a network of about 487 conventional branches and 194 microfinance branches across 26 states and Union Territories.

Within retail lending, through its multi-product platform, PEL offers home loans to customers in the affordable housing and budget segments, secured and unsecured lending to small businesses, pre-owned car loans, loan against securities, and unsecured finance constituting microfinance, digital purchase finance, salaried personal loans, etc. Within wholesale lending, it provides financing to real estate developers as well as corporate clients in select sectors.

About PCHFL

The erstwhile 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 PEL. Following the merger, the Piramal Group's financial services business, including real estate lending, housing finance, corporate lending and emerging corporate lending, was housed under PCHFL and PHL Fininvest Private Limited (PFPL), a fellow subsidiary.

On May 8, 2024, PEL announced that its board of directors (BoD) has approved a composite scheme of arrangement, whereby PEL would be reverse merged with its wholly-owned subsidiary, PCHFL. The merged entity would be renamed Piramal Finance Limited. 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). The reverse merger would take place after PCHFL receives the NBFC-ICC licence.

Key financial indicators

PEL (consolidated)	FY2023	FY2024	H1 FY2025*
Accounting Standard	**Ind-AS**	**Ind-AS**	**Ind-AS**
Total income	9,087	10,178	4,520
Profit after tax	9,959	-1,683	344
Total managed assets	83,752	82,605	86,756
Gross stage 3	3.8%	2.4%	3.1%
CRAR	31.0%	25.6%	23.3%

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

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 (FY2025)					Chronology of Rating History for the Past 3 Years		
		Instrument	Initial Rated Amount (Rs. crore))	Current Rated Amount (Rs. crore)	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
					March 17, 2025	December 18, 2024	-	-	
1	**Ved Trust PTC 2024**	Series A1 PTCs	92.50	92.50	**[ICRA]AA+ (SO)**	**Provisional [ICRA]AA+(SO)**	-	-	

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Ved Trust PTC 2024	**Series A1 PTCs**	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	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Amount Rated (Rs. crore)	Current Rating
Ved Trust PTC 2024	Series A1 PTCs	December 13, 2024	9.95%	March 15, 2028	92.50	[ICRA]AA+(SO)

Source: Company

Annexure II: 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.

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