

June 11, 2025

Ecofy Finance Private Limited: Provisional [ICRA]A+(SO) assigned to Series A PTCs issued by Solar Vision - 1, backed by a pool of residential rooftop solar loan receivables

Summary of rating action

Trust name	Instrument*	Rated amount (Rs. crore)	Rating action
Solar Vision - 1	Series A PTCs	29.14	Provisional [ICRA]A+(SO); assigned

*Instrument details are provided in Annexure I

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

The pass-through certificates (PTCs) are backed by a pool of residential rooftop solar (RTS) loan receivables originated by Ecofy Finance Private Limited (Ecofy/Originator) with an aggregate principal outstanding of Rs. 32.38 crore (pool receivables of Rs. 39.05 crore). Ecofy would be acting as the servicer for the rated 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 provisional 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. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the legal maturity date. Any prepayment in the pool would be used for the prepayment of the Series A PTCs principal. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. However, the EIS shall be utilised towards the repayment of the principal payout to the Series A PTCs investor on the occurrence of certain pre-defined trigger events.

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, amounting to Rs. 3.24 crore, to be provided by the Originator, (ii) principal subordination of 10.00% of the pool principal for Series A PTCs, and (iii) the EIS of 9.44% of the initial pool principal for Series A PTCs.

Key rating drivers and their description

Credit strengths

Granular pool with available credit enhancement – The pool is granular, consisting of more than 2,400 contracts, with the top 10 borrowers forming less than 2.5% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb a part of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, all the contracts in the pool have never been delinquent after loan disbursement. This reflects the relatively better credit profile of the borrowers, which is a credit positive.

Healthy bureau score of borrowers – All the contracts in the pool belong to borrowers with a CIBIL score of at least 700, which reflects their relatively better credit profile.

Credit challenges

Relatively new entrant in lending segment – Ecofy is a new entrant in the non-banking financial company (NBFC) and digital lending space. It is a green-only NBFC promoted by Green Growth Equity Fund (GGEF) which is managed by Eversource Capital. It provides loans to customers for electric vehicles (EVs; two-wheelers and three-wheelers), rooftop solar units and small and medium enterprises (SMEs) with its first disbursement in November 2022. Thus, the scale of operations and seasoning thereon remain limited. Furthermore, residential RTS financing segment has not yet established sufficient track record of substantial volumes.

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Gujarat, Maharashtra and Madhya Pradesh, contributing ~74% 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.

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 5.00% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4% to 9% 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: Strong

The liquidity for the PTC instrument is strong after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be ~5.00 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 the 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 could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of Ecofy's residential RTS loan portfolio till March 2025, 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 final upon the execution of:

1. Trust deed
2. Assignment agreement
3. Legal opinion
4. Trustee letter
5. Auditor's certificate
6. Any other 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 Ratings available at www.icra.in.

About the originator

The company was incorporated in March 2022 and received an NBFC licence in November 2022. It was founded by Mr. Govind Sankaranarayanan and Ms. Rajashree Nambiar and operates under the brand name of 'Ecofy', positioning itself as a tech-led green NBFC in the retail space. The company changed its name to Ecofy Finance Private Limited from Accretive Finance Private Limited in January 2024. As on March 31, 2025, Ecofy's assets under management (AUM) stood at Rs. 911 crore, spread across three segments, i.e. EV financing (52%), rooftop solar (40%) and SME financing (8%).

Ecofy is promoted by Green Growth Equity Fund (GGEF) which is managed by Eversource Capital. This is a Category II Alternative Investment Fund registered under the SEBI (AIF) Regulations, 2012. It was established in April 2018 with anchor investments of \$410 million from National Investment and Infrastructure Fund (NIIF) and Foreign, Commonwealth & Development Office (FCDO).

Key financial indicators (standalone; audited)

Ecofy	FY2023	FY2024	FY2025*
Total income	2.2	33.4	102.6
Profit after tax	-18.8	-33.1	-40.9
Total managed assets	269	551	1,090
Gross stage 3	0.0%	0.03%	1.3%
CRAR	96.1%	80.3%	40.3%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
Solar Vision - 1	Series A PTCs	29.14	June 11, 2025 Provisional [ICRA]A+(SO)	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A 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 name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
Solar Vision - 1	Series A PTCs	June 06, 2025	10.50%	August 17, 2030	29.14	Provisional [ICRA]A+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Sagar

+91 124 4545 316

manushrees@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Himanshi Doshi

+91 22 6114 3410

himanshi.doshi@icraindia.com

Ritu Rita

+91 22 6114 3409

ritu.rita@icraindia.com

Vishal Oza

+91 22 6114 3472

vishal.oza2@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar

+91 22 6169 3304

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

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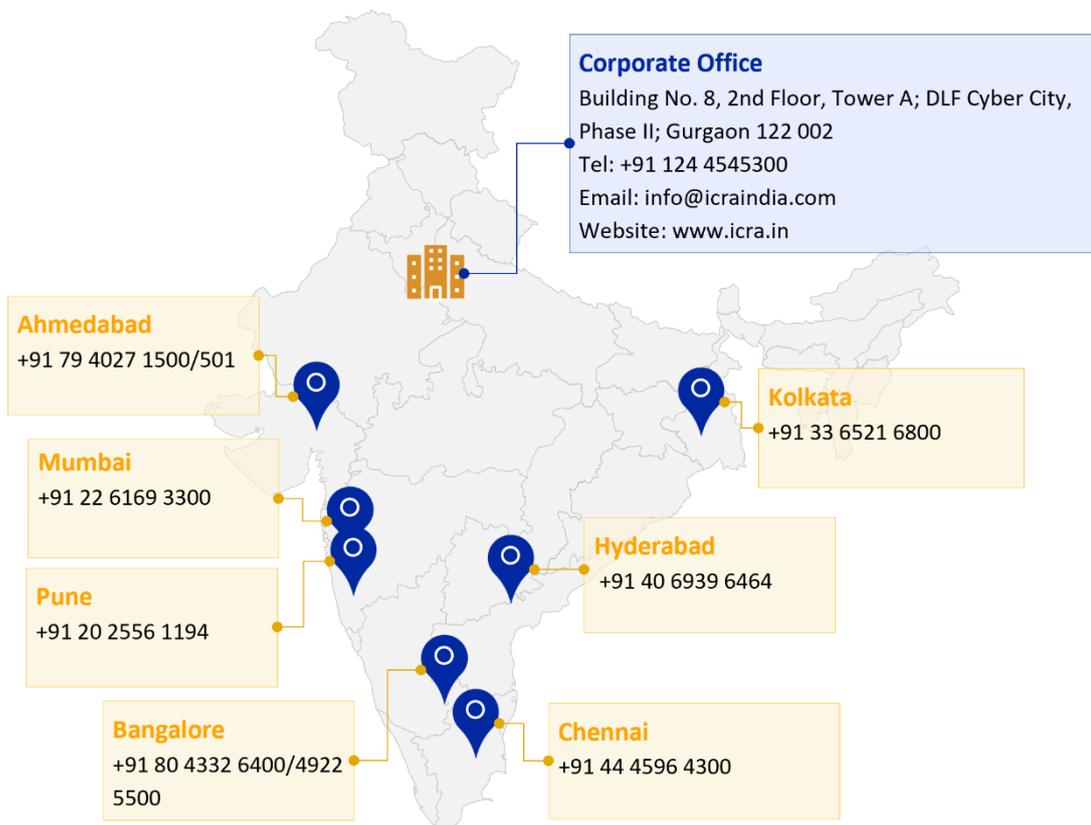
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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