July 22, 2026

Piramal Finance Limited (formerly Piramal Capital & Housing Finance Limited): Rating reaffirmed for Series A1 PTCs issued under used car loan securitisation transaction

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Naman Trust PTC June 2025	Series A1 PTCs	226.19	NA	100.24	[ICRA]AAA(SO); reaffirmed	RBI

**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 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)}). PFL would be the servicer for the transaction.

The rating reaffirmation factors in the build-up of the credit enhancement cover over the future PTCs payouts on account of moderate amortisation of the pool and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is comfortably lower than the actual collection level observed in the pool till the June 2026 payout month.

Pool performance summary

Parameter	Naman Trust PTC June 2025
Payout month	June 2026
Months post securitisation	11
Pool amortisation	43.91%
Series A1 PTCs amortisation	55.69%
Cumulative collection efficiency[1]	98.39%
Cumulative prepayment rate	20.54%
Loss-cum-0+ dpd (% of initial pool principal)[2]	4.65%
Loss-cum-30+ dpd (% of initial pool principal)[3]	2.53%
Loss-cum-90+ dpd (% of initial pool principal)[4]	1.39%
Breakeven collection efficiency[5]	50.26%
Cumulative cash collateral (CC) utilisation	0.00%
CC available (as % of balance pool)	14.26%
Excess interest spread (EIS; as % of balance pool)[6]	17.56%

[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*
[5] *Balance PTC cashflows- cash collateral available)/ balance pool cashflows*
[6] *(Pool cash flows till PTC maturity month – Cash flows to PTC A1 – Originator's residual share) / Pool principal outstanding*

Parameter	Naman Trust PTC June 2025
Payout month	June 2026
Principal subordination (as % of balance pool)	28.90%

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 final maturity date. The residual cash flows from the pool, after meeting the promised and expected payouts, will be used for the prepayment of Series A1 PTCs principal. Further, the cash collateral (CC) can be utilised in case of a shortfall in any month for the payment of the promised interest payout to Series A1 PTCs and for the expected principal payout to Series A1 PTCs (up to 90% of the billed principal). Any prepayment in the pool would be used for the prepayment of Series A1 PTCs principal.

Key rating drivers and their description

Credit strengths

Build-up in credit enhancement – There is a build-up in the credit enhancement with cash collateral and subordination increasing to ~14% and ~29 respectively of the balance pool principal for the pool compared to 8% and 10% respectively at the time of securitisation. Internal credit support is also available through scheduled EIS.

Adequate servicing capability of PFL - 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

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 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 3.25%, with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.80% to 18.00% 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	Naman Trust PTC June 2025
Originator	Piramal Finance Limited
Servicer	Piramal Finance Limited
Trustee	IDBI Trusteeship Services Limited

Transaction name	Naman Trust PTC June 2025
Cash collateral holding Bank	ICICI Bank
Collection and payout account Bank	Citibank N.A.

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 greater than 8 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 performance of the pool till May 2026 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
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	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

S. No.	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
					July 22, 2026	July 17, 2025	June 25, 2025	-	-
1	**Naman Trust PTC June 2025**	Series A1 PTCs	226.19	100.24	**[ICRA]AAA (SO)**	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**	-	-

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
Naman Trust PTC June 2025	**Series A1 PTCs**	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

Trust Name	Instrument	Date of issuance / sanction	Coupon rate (p.a.p.m.)	Maturity date	Current amount rated (Rs. crore)	Current rating	Financial Sector Regulator#
Naman Trust PTC June 2025	Series A1 PTCs	June 30, 2025	8.80%	May 15, 2030	100.24	[ICRA]AAA(SO)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Not Applicable

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