

December 19, 2025

Truhome Finance Limited (erstwhile Shriram Housing Finance Limited): Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	100.00	100.00	[ICRA]A1+; reaffirmed
Total	100.00	100.00	

*Instrument details are provided in Annexure I

Rationale

The rating continues to factor in Truhome Finance Limited's (Truhome) adequate capitalisation profile, supported by timely equity infusions. Mango Crest Investment Ltd (MCIL; an affiliate of Warburg Pincus) acquired a 98.6% stake in the company in December 2024, following which it infused ~Rs. 1,200-crore primary equity capital. Consequently, Truhome's capitalisation profile has improved with a capital-to-risk weighted assets ratio (CRAR) of ~34% and gearing (managed) of 5.0 times as on September 30, 2025. ICRA notes that the company further raised Rs. 417 crore from MCIL in October 2025 through a preferential placement. In ICRA's opinion, given its growth plans, Truhome shall continue requiring equity infusion(s) to maintain a prudent capitalisation profile.

The rating also considers the company's fairly diversified geographical presence and its comfortable asset quality. As on September 30, 2025, its assets under management (AUM) stood at Rs. 20,039 crore, managed through a network of 199 branches spread across 16 states/Union Territories (UTs). While delinquencies rose in H1 FY2026, Truhome's reported asset quality remains comfortable with gross stage 3 assets of 1.5% as on September 30, 2025 (1.5% as on March 31, 2025). However, the long-term performance is yet to be seen considering the limited vintage of a significant part of the portfolio and the risk associated with the target borrower segment. ICRA takes note of the company's moderate earnings profile with a net profit of Rs. 194 crore in H1 FY2026, translating to a return of 1.8% on average managed assets (AMA) and 11.0% on average net worth (Rs. 286 crore, 1.7% and 10.7%, respectively, in FY2025). Going forward, Truhome's ability to improve its earnings profile shall remain important from a credit perspective.

Key rating drivers and their description

Credit strengths

Adequate capitalisation profile supported by capital infusions – The company's CRAR of ~34% (Tier I: ~31%) as on September 30, 2025 (~37% and ~34%, respectively, as on March 31, 2025) was well above the regulatory capital requirement of 15%. Its managed gearing had declined in FY2025 to 4.6 times as on March 31, 2025 from 6.6 times as on March 31, 2024, following the change in ownership and subsequent equity infusion. Truhome raised ~Rs. 1,200-crore primary equity capital from MCIL, following the change in ownership in December 2024. Given the pace of growth, the company's managed gearing increased to 5.0 times as on September 30, 2025. Nonetheless, it raised Rs. 417 crore from MCIL through a preferential placement in October 2025, which has improved its capitalisation profile. In ICRA's opinion, the company will continue requiring equity infusion(s) to maintain a prudent capitalisation profile due to its growth plans.

Geographically diversified operations – Truhome's operations are fairly diversified geographically with AUM of Rs. 20,039 crore as on September 30, 2025, focussed on the affordable housing finance segment. The company had a presence in 16 states/UTs through a network of 199 branches as on September 30, 2025. Maharashtra (17%) and Tamil Nadu (16%) accounted for the largest share of the AUM as on September 30, 2025, followed by Gujarat (15%). The share of the top 3 states stood at

48% of the AUM as on September 30, 2025 (52% as on March 31, 2025). ICRA expects Truhome's operations to remain diversified geographically as it continues to scale up its AUM.

Comfortable asset quality – Truhome's reported asset quality remains comfortable with gross and net stage 3 assets of 1.5% and 1.0%, respectively, as on September 30, 2025 (1.5% and 1.0%, respectively, as on March 31, 2025). The company's solvency (net stage 3 assets/net worth) remained comfortable at 4.1% as of September 2025 (4.0% as of March 2025). ICRA notes that delinquencies rose in H1 FY2026, which could be attributable to seasonal factors. Further, Truhome sold some stressed assets (Rs. 63 crore) to an asset reconstruction company in H1 FY2026, which pertained to portfolio generated before 2019. Given the high pace of growth and the target borrower profile, the company's asset quality remains monitorable.

Credit challenges

Moderate earnings profile – Truhome's earnings profile remains moderate with a net profit of Rs. 194 crore in H1 FY2026, translating into a return of 1.8% on AMA and 11.0% on average net worth compared to Rs. 286 crore, 1.7% and 10.7%, respectively, in FY2025. Its net interest margin (NIM; including income from direct assignment) improved slightly to 4.3% of AMA in H1 FY2026 from 4.1% in FY2025 with the reduction in funding costs due to the systemic decline in interest rates. Nonetheless, operating expenses remain elevated and were reported at 2.9% of AMA in H1 FY2026 (3.0% in FY2025) as the company continues to invest in manpower and branch infrastructure expansion. Further, credit costs inched up slightly in FY2025 and H1 FY2026 amid the increase in delinquencies and some write-offs/sale of stressed assets to an asset reconstruction company. In ICRA's opinion, Truhome's earnings profile is expected to gradually improve with the increasing scale of operations, provided it is able to control its credit costs.

Limited portfolio seasoning, given high pace of growth – A significant portion of the company's AUM was sourced in the last few years, like most of its peers, leading to limited portfolio seasoning in relation to the contractual tenure of the loans. Truhome's AUM increased at a compound annual growth rate (CAGR) of ~50% over the last five years (FY2020 to FY2025) with disbursements over the past eight/twelve quarters (till September 2025) amounting to ~58% of the AUM as of September 2025. Its performance remains monitorable as the portfolio seasons and the AUM growth moderates.

Exposure to relatively vulnerable borrower profile – Truhome mainly lends to borrowers in the low-income segment, which is more vulnerable to income shocks, as observed during the Covid-19 pandemic. ICRA notes that ultimate losses are expected to be low, given the secured nature of the portfolio and the moderate loan-to-value ratios. However, given the pace of growth and the relatively riskier borrower profile of the low-and-assessed-income segments, the company remains exposed to volatility in the asset quality.

Liquidity position: Strong

Truhome's liquidity profile is strong with an unencumbered cash and bank balance and liquid investments of ~Rs. 1,263 crore as on September 30, 2025. This, along with the scheduled collections of Rs. 2,857 crore over the next 12 months (till September 30, 2026), is expected to be sufficient to meet its scheduled debt repayments of Rs. 3,005 crore during this period. Additionally, Truhome had ~Rs. 2,976 crore of sanctioned unutilised funding lines from various lenders as on September 30, 2025. Its liquidity coverage ratio of 186% for the quarter ended September 30, 2025 was well above the regulatory requirement of 100%. The company maintains a fairly diversified funding profile comprising loans from banks (25% as of September 2025), refinance from National Housing Bank (15%), non-convertible debentures (11%), securitisation (8%), commercial paper (2%), external commercial borrowings (12%) and direct assignment and others (27%) as on September 30, 2025. It has been able to regularly raise funds from diverse sources, which augurs well for its liquidity profile.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on the rating could arise on an increase in the managed gearing beyond 5 times or a deterioration in the asset quality indicators (gross stage 3 assets above 2.5%), impacting the earnings on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Truhome Finance Limited is a housing finance company registered with National Housing Bank. The company primarily provides loans for the purchase or construction of residential homes and loan against property. As on September 30, 2025, its assets under management (AUM) stood at Rs. 20,039 crore while it catered to more than 3.2 lakh borrowers across 16 states in India through a network of 199 branches.

Key financial indicators (audited)

Truhome Finance Limited	Mar-24	Mar-25	Sep-25*
Total income	1,430	1,928	1,127
PAT	217	286	194
Total managed assets	14,854	19,634	22,264
Return on managed assets	1.8%	1.7%	1.8%
Reported gearing (times)	5.1	3.4	3.7
Managed gearing (times)	6.6	4.6	5.0
Gross stage 3 assets	1.0%	1.5%	1.5%
CRAR	24.5%	36.6%	33.5%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Limited review; Total managed assets = Total assets + Impairment allowance + Direct assignment + Co-lending; Managed gearing includes off-book portfolio as debt; PAT – Profit after tax; CRAR – Capital-to-risk weighted assets ratio

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)	Dec 19, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	100.00	[ICRA]A1+	May 22, 2024	[ICRA]A1+	Mar 28, 2024	[ICRA]A1+	Mar 13, 2023	[ICRA]A1+
				Dec 20, 2024	[ICRA]A1+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Simple

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	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Commercial paper – Yet to be issued	NA	NA	7-365 days	100.00	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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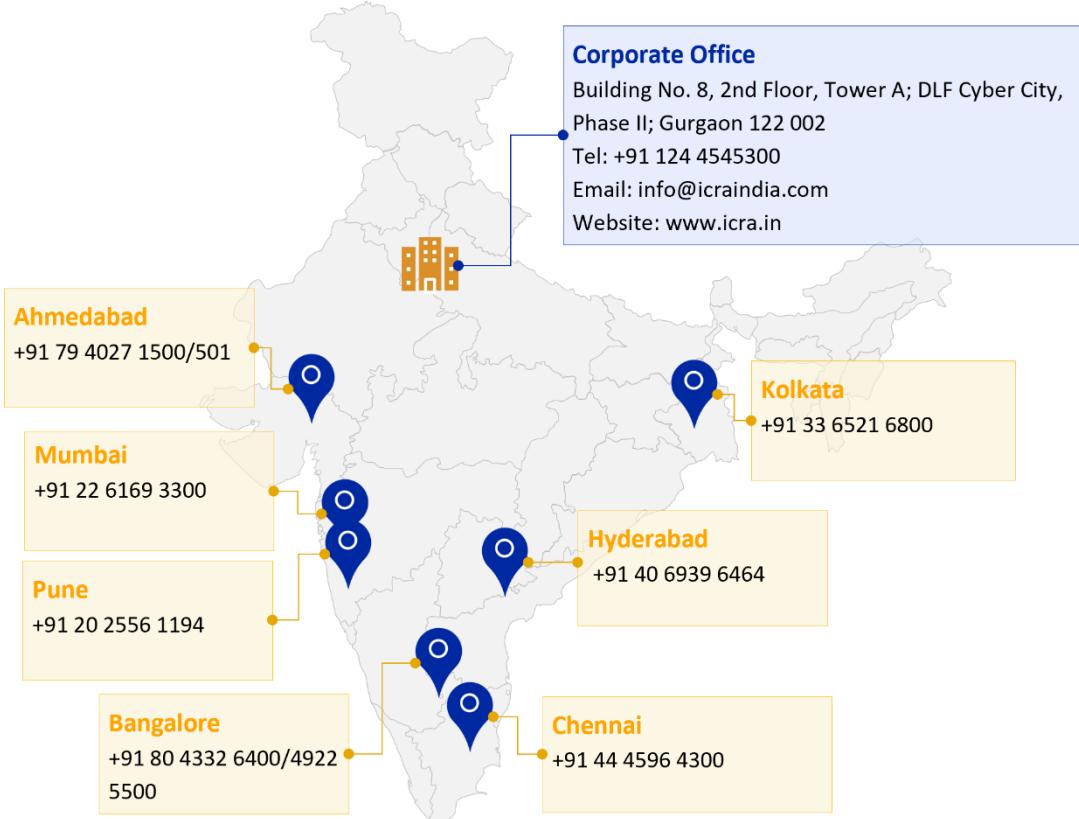
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