February 24, 2026

SMFG India Home Finance Company Limited (formerly Fullerton India Home Finance Company Ltd): Ratings reaffirmed for PTCs issued under home loan securitisation transaction

Summary of rating action

Trust name	Instrument*	Initial amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action
HL PTC TRUST 01	Series A1 PTC	102.91	64.46	47.31	[ICRA]AAA(SO); reaffirmed
	Series A2 PTC	5.42	3.40	2.50	[ICRA]AAA(SO); reaffirmed

**Instrument details are provided in Annexure I*

Rationale

The pass-through certificates (PTCs) are backed by home loan receivables originated by SMFG India Home Finance Company Limited (SMHFC/Originator). SMHFC is the servicer for the rated transaction.

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

Pool performance summary

Parameter	HL PTC TRUST 01
Payout month	January 2026
Months post securitisation	28
Pool amortisation	45.2%
PTC amortisation: Series A1 PTC	54.0%
Series A2 PTC	53.9%
Cumulative collection efficiency[1]	99.8%
Loss-cum-90+ (% of initial pool principal)[2]	0.2%
Loss-cum-180+ (% of initial pool principal)[3]	0.1%
Cumulative prepayment rate	37.2%
Breakeven collection efficiency[4] **for Series A1 PTC**	43.1%
Breakeven collection efficiency[5] **for Series A2 PTC**	45.2%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%
Cash collateral (CC) available (as % of balance pool principal)	12.8%
Excess interest spread over balance tenure (as % of balance pool) for Series A1 PTC	80.6%
Excess interest spread over balance tenure (as % of balance pool) for Series A2 PTC	80.6%

[1] *Cumulative collections till date / Cumulative billings till date + Opening overdue*

[2] *POS on contracts aged 90+ dpd + Overdue / Initial POS on the pool*

[3] *POS on contracts aged 180+ dpd + Overdue / Initial POS on the pool*

[4] *Breakeven collection efficiency = Balance PTC A1 cash flows + PTC A2 interest – Cash collateral available / Balance pool cash flows*

[5] *Breakeven collection efficiency = Balance PTC A1 cash flows + Balance PTC A2 cash flows – Cash collateral available / Balance pool cash flows*

Transaction structure

As per the transaction structure for the pool, the monthly cash flow schedule comprises the promised interest payment to both Series A1 and Series A2 PTC on a pari-passu basis. During the tenure of the PTCs, the collections from the pool, after making the promised interest payouts, will be used to make the expected principal payouts to Series A1 PTCs (95% of the initial pool principal).However, this principal payout is not promised and any shortfall in making the expected principal payment to Series A1 PTC's would be carried forward to the subsequent payout. Post promised and expected payouts to Series A1 PTCs, the collections from the pool will be used to make the expected principal payouts to Series A2 PTC (5% of the initial pool principal). As in the case of principal payout to Series A1 PTC, the principal payout on Series A2 PTC is not promised till the final maturity date mentioned above and any shortfall in making the expected principal payment would be carried forward to the subsequent payout. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will be used for the prepayment of Series A1 PTC and Series A2 PTC principal in the ratio of 95:5. Any prepayment in the pool would be used for the prepayment of Series A1 PTC and Series A2 PTC principal in the ratio of 95:5.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the transaction and the underlying pool. As per ICRA's analysis, the CC required to maintain the present rating is Rs. 3.79 crore (6.4% of balance pool principal) against the existing CC of Rs. 7.58 crore (12.8% of balance pool principal). Based on the pool's performance, the rating for the PTCs will remain unchanged even after the CC amount is reset. However, as per regulatory guidelines, the maximum amount of CC that can be released would be restricted to 60% of the difference between the current CC amount and the revised CC amount allowed by ICRA. The CC reset shall be subject to the approval of the PTC investors.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the buildup in the credit enhancement with cash collateral (CC) increasing to ~13% of the balance pool principal. Internal credit support is also available in the form of excess interest spread (EIS).

Healthy pool performance – Performance of the pool has been healthy with cumulative collection efficiency of ~99% till January 2026 payout month which has resulted in low delinquencies in the pool with the 90+ days past due (dpd) of 0.2% (as a % of initial pool POS). Further, there has been no instance of cash collateral utilisation for the pool till date owing to strong collection performance and presence of EIS.

Adequate servicing capability of SMHFC – The company has adequate processes for the servicing of the loan accounts in the securitised pool. It has a demonstrated track record of regular collections and recoveries and has presence in multiple geographies.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Rajasthan, Delhi and Gujarat comprising ~60% of the balance 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.

Exposed to basis risk – The transaction is exposed to basis risk as the underlying pool has floating rate loans linked to SMHFC's lending rate whereas the yield on the PTCs is floating and linked to an external benchmark.

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 their tenure at 2.50% of the initial pool principal with certain variability around it. The average prepayment rate for the pool is modelled in the range of 6% to 20% 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	HL PTC TRUST 01
Originator	SMFG India Home Finance Company Limited
Servicer	SMFG India Home Finance Company Limited
Trustee	Catalyst Trusteeship Limited
CC holding Bank	DBS Bank India Limited
Collection and payout account Bank	DBS Bank India Limited

Liquidity position: Superior

The liquidity for Series A1 PTC and Series A2 PTC is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be greater than 10 times the estimated loss for the pool for both the instruments.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Sustained weak collection performance of the underlying pool leading to higher-than-expected delinquency levels and credit enhancement utilization levels. Weakening in the credit profile of the servicer (SMHFC) could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pool till January 2026 (payout month), the present delinquency profile of the pool, the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	[Rating Methodology for Securitisation Transactions]()
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

SMFG India Home Finance Company Limited (SMHFC) incorporated in August 2010 is a housing finance company promoted by SMICCL (SMFG India Credit Company Limited). It received a registration license from NHB in July 2015 and commenced lending operations in December 2015. It offers home loans under 'Grihashakti' brand. It recently got its name changed, reflecting a strong association with SMFG (Sumitomo Mitsui financial group). SMHFC is focused on affordable housing segment comprising target segment of salaried and self- employed professionals in satellite townships around metros and tier I cities as well as under-served tier II and III cities. It is headquartered in Mumbai and its operations are spread across 14 states with major ones being Tamil Nadu, Rajasthan, Gujarat, Maharashtra and others.

Key financial indicators (audited; consolidated)

SMHFC	FY2024	FY2025	9M FY2026
Total income	686	1,009	1,307
Profit after tax	40	93	120
Total managed assets	6,426	8,951	11,692
Gross stage 3	3.74%	2.56%	2.35%
CRAR	22.28%	19.48%	22.27%

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: None

Rating history for past three years

Trust name	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years			
		Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023
				Feb 24, 2026	Feb 28, 2025	Feb 28, 2024	Oct 20, 2023	-
HL PTC TRUST 01	Series A1 PTC	102.91	47.31	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**	-
	Series A2 PTC	5.42	2.50	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**	-

Complexity level of the rated instrument

Name	Instrument	Complexity indicator
HL PTC TRUST 01	Series A1 PTC	Highly Complex
	Series A2 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

Trust name	Instrument type	Date of issuance	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
HL PTC TRUST 01	Series A1 PTC	October 19, 2023	8.00%*	May 20, 2048	47.31	[ICRA]AAA(SO)
	Series A2 PTC				2.50	[ICRA]AAA(SO)

*Source: Company; * Floating rate*

Annexure II: List of entities considered for consolidated analysis

Not applicable

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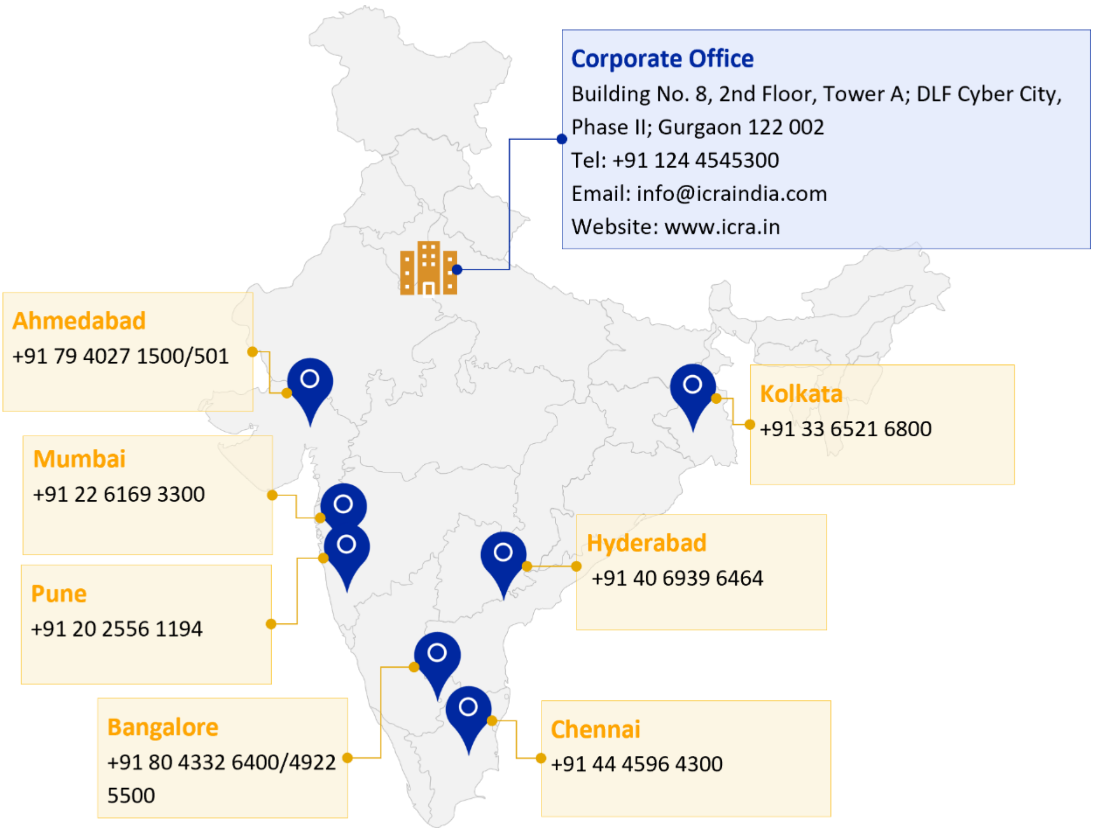

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