

February 25, 2026

India Shelter Finance Corporation Limited: Rating actions for PTCs issued under two mortgage loan securitisation transactions

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
RAFAEL 08 2021	PTC Series A1	29.17	12.37	8.26	[ICRA]AAA(SO); reaffirmed
	PTC Series A2	2.89	2.89	2.89	[ICRA]AA-(SO); upgraded from [ICRA]A+(SO)
GHAR 09 2022	PTC Series A1	79.06	48.15	36.65	[ICRA]AA+(SO); upgraded from [ICRA]AA(SO)
	PTC Series A2	4.16	4.16	4.16	[ICRA]AA-(SO); upgraded from [ICRA]A+(SO)

*Instrument details are provided in Annexure-I

Rationale

The pass-through certificates (PTCs) are backed by two mortgage loan receivable pools originated by India Shelter Finance Corporation Limited {ISFCL/Originator; rated [ICRA]AA- (Stable)}. ISFCL is also the servicer of the rated transactions.

The ratings upgradation and reaffirmation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of high amortisation and healthy pool performance. The delinquencies in the transactions remain low with the 90+ days past due (dpd) at less than 1%. The ratings also draw comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till the January 2026 payout month.

Pool performance summary

Parameter	RAFAEL 08 2021	GHAR 09 2022
Payout month	January 2026	January 2026
Months post securitisation	53	40
Pool amortisation (as % of initial pool principal)	65.2 %	50.9%
PTC amortisation:		
PTC Series A1	71.7%	53.6%
PTC Series A2	0.00%	0.00%
Cumulative collection efficiency^[1]	99.8%	97.8%
Loss-cum-90+ (% of initial pool principal)^[2]	0.0%	0.4%
Loss-cum-180+ (% of initial pool principal)^[3]	0.0%	0.3%
Breakeven collection efficiency^[4]		
PTC Series A1	40.9%	62.4%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%	0.0%
CC available (as % of balance pool principal)	14.9%	7.2%
Excess interest spread (EIS; as % of balance pool principal)		
PTC Series A1	34.5%	50.6%
Cumulative prepayment rate	35.3%	33.3%

[1] Cumulative current and overdue collections till date / Cumulative billings till date

[2] Unbilled Principal outstanding (POS) and overdue principal of contracts aged 90+ dpd / Initial POS on the pool

[3] Unbilled POS and overdue principal of contracts aged 180+ dpd / Initial POS on the pool

[4] It is the minimum collection efficiency required over the balance tenure to ensure all investor payouts are met: (Balance cash flows payable to investor –

Cash collateral available) / Balance pool cash flows

Transaction structure

RAFAEL 08 2021:

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (91% of the pool principal billed) for PTC Series A1. The balance principal (9% of the pool principal billed) is expected to be paid on a monthly basis until the maturity of PTC Series A1. Subsequent to the full redemption of PTC Series A1, the monthly cash flow schedule comprises the promised interest payout for PTC Series A2. 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 for PTC Series A2. Any surplus 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 PTC Series A1 principal and subsequently for PTC Series A2 principal, post full redemption of the PTC Series A1 principal.

GHAR 09 2022:

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (95% of the pool principal billed) for PTC Series A1. The balance principal (5% of the pool principal billed) is expected to be paid on a monthly basis until the maturity of PTC Series A1. Subsequent to the full redemption of PTC Series A1, the monthly cash flow schedule comprises the promised interest payout for PTC Series A2. 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 for PTC Series A2. 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 PTC Series A1 principal and subsequently for PTC Series A2 principal, post full redemption of the PTC Series A1 principal.

Key rating drivers and their description

Credit strengths

Adequate servicing capability of ISFCL – The company has an established track record in the lending business with adequate underwriting policies and collection procedures across a wide geography. The company has adequate processes for servicing the loan accounts in the securitised pools.

Healthy pool performance – Performance of the pools have been healthy with cumulative collection efficiency above 97% till January 2026 payout month which has resulted in low delinquencies in the pools with 90+ days past due (dpd) as nil for Rafael 08 2021 and 0.4% for Ghar 09 2022. Further, there have been no instances of cash collateral utilisation till date owing to strong collection performance and presence of EIS in the transactions.

Substantial credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement with cash collateral increasing to ~15% and ~7% of the balance pool compared to 7.4% and 5% at the time of securitisation for Rafael 08 2021 and Ghar 09 2022, respectively. Internal credit support is also available through scheduled EIS and subordination.

Contracts backed by residential properties – Majority of the contracts in the pools are backed by residential properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

Credit challenges

Exposed to interest rate risk – All the contracts in both the pools have a fixed rate, while the Series A1 PTC yield is floating, linked to the investor's benchmark yield. Hence, the transactions are exposed to interest rate risk and any adverse movement in the benchmark yield is likely to reduce the EIS available in the transactions.

Risk associated with lending business – The pool 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 pools, ICRA has estimated the shortfall in the pool principal collection during its tenure at 1.00% and 1.75% for RAFAEL 08 2021 and GHAR 09 2022, respectively, with certain variability around it. The average prepayment rate for both the underlying pools is modelled in the range of 6.0% 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 ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction name	RAFAEL 08 2021	GHAR 09 2022
Originator	India Shelter Finance Corporation Limited	India Shelter Finance Corporation Limited
Servicer	India Shelter Finance Corporation Limited	India Shelter Finance Corporation Limited
Trustee	IDBI Trusteeship Services Limited	Catalyst Trusteeship Limited
CC bank	ICICI Bank	ICICI Bank
Collection and payout account bank	ICICI Bank	ICICI Bank

Liquidity position: Superior

The liquidity for the PTC instruments for both the transactions is superior after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement is greater than 8 times the estimated loss in both pools.

Rating sensitivities

For Rafael 08 2021

Positive factors – Not applicable for Series A1 PTC; the rating could be upgraded for Series A2 PTC if sustained strong collection performance is witnessed in the underlying pool, leading to low delinquency levels and build-up of cover from the credit enhancement of the balance pool principal.

Negative factors – The sustained weak collection performance of the underlying pool, 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.

For Ghar 09 2022

Positive factors – The rating could be upgraded if sustained strong collection performance (monthly collection efficiency > 95%) is witnessed in the underlying pool, leading to low delinquency levels and build-up of cover from the credit enhancement of the balance pool principal.

Negative factors – The sustained weak collection performance of the underlying pool, 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

Analytical approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/group Support	Not Applicable
Consolidation/standalone	Not Applicable

The rating action is based on the performance of the pools till the January 2025 payout month (December 2024 collection month), the present delinquency profile of the pools, the credit enhancement available in the pools, and the performance expected over the balance tenure of the pools.

About the originator

India Shelter Finance Corporation Limited (ISFCL) is a housing finance company, which was incorporated in 1998 as Satyaprakash Housing Finance. The company was acquired by the current investors in September 2009. It is focused on the low-cost and affordable housing segment, targeting self-employed customers in the informal low-and-middle-income segment. As on Sep 30, 2025, the company had assets under management (AUM) of Rs. 9,252 crore spread across 15 states/UTs. It offers loans to customers for home improvement, home extension, construction of dwelling units on an owned plot of land, home purchase and loan against property.

Key financial indicators (audited)

	FY2024	FY2025	H1 FY2026*
Total income	860.0	1,175	730.0
Profit after tax	247.0	377.0	241.0
Total managed assets	6,929	9,421	10,672
Gross stage 3	1.0%	1.0%	1.2%
CRAR	70.9%	60.6%	57.1%

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: Not applicable

Rating history for past three years

Trust name	Current rating (FY2026)			Chronology of rating history for the past 3 years				
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023
				February 25, 2026	February 27, 2025	July 22, 2024	July 20, 2023	July 28, 2022
RAFAEL 08 2021	PTC Series A1	29.17	8.26	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)
	PTC Series A2	2.89	2.89	[ICRA]AA-(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)

Trust name	Current rating (FY2026)			Chronology of rating history for the past 3 years				
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
				February 25, 2026	February 27, 2025	February 09, 2024	February 10, 2023	September 30, 2022
GHAR 09 2022	PTC Series A1	79.06	36.65	[ICRA]AA+(SO)	[ICRA]AA(SO)	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)
	PTC Series A2	4.16	4.16	[ICRA]AA-(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)

Complexity level of the rated instruments

Trust name	Instrument	Complexity indicator
RAFAEL 08 2021	PTC Series A1	Highly Complex
	PTC Series A2	Highly Complex
GHAR 09 2022	PTC Series A1	Highly Complex
	PTC Series A2	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	ISIN	Instrument	Date of issuance /Sanction	Coupon rate* (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
RAFAEL 08 2021	NA	PTC Series A1	August 30, 2021	9.30%	December 17, 2039	8.26	[ICRA]AAA(SO)
	NA	PTC Series A2		11.00%		2.89	[ICRA]AA-(SO)
GHAR 09 2022	NA	PTC Series A1	September 29, 2022	8.70%	October 17, 2041	36.65	[ICRA]AA+(SO)
	NA	PTC Series A2		11.20%		4.16	[ICRA]AA-(SO)

* Coupon rate is floating and linked to investor's benchmark rate

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Manushree Saggur

+91 124 4545 316

manusrees@icraindia.com

Himanshi Doshi

+91 22 6114 3410

himanshi.doshi@icraindia.com

Ekta Baheti

+91 22 6114 3454

ekta.baheti@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Arijit Datta

+91 22 6114 3433

arijit.datta@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

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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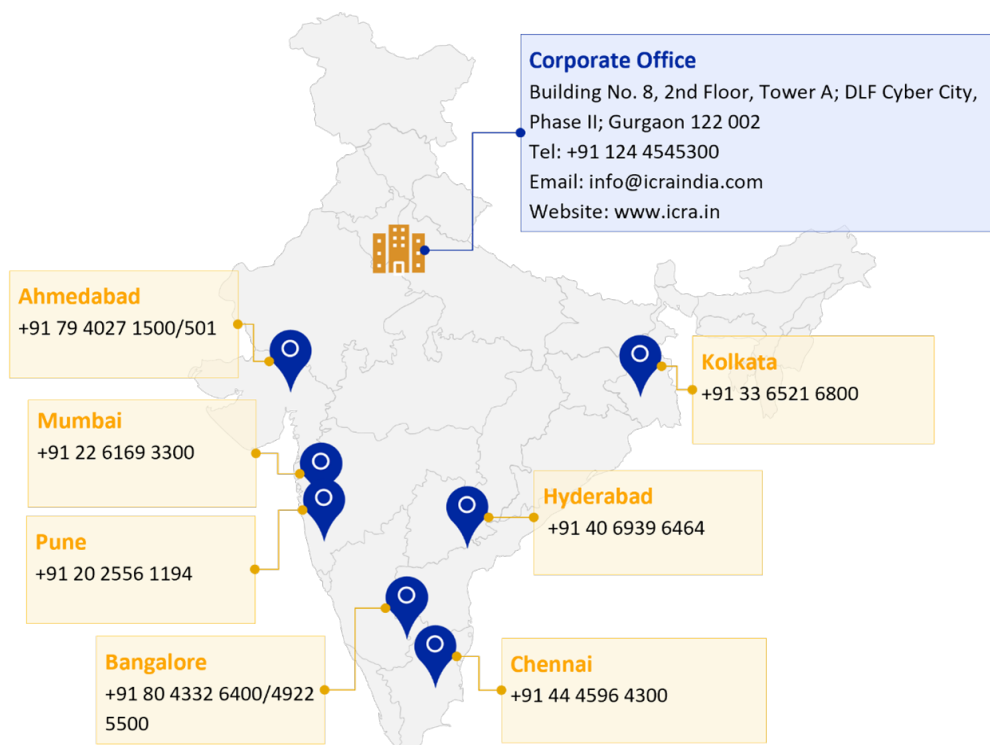


Registered Office

B-710, Statesman House 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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