

March 20, 2026

## Aavas Financiers Limited: Provisional [ICRA]AAA(SO) rating assigned to PTCs backed by home loans receivables issued by Prime Home Loan Trust V

### Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Prime Home Loan Trust V	Series A1 PTCs	495.61	Provisional [ICRA]AAA(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
--	--

### Rationale

The pass-through certificates (PTCs) are backed by a pool of home loans receivables originated by Aavas Financiers Limited {Aavas/Originator; rated [ICRA]AA(Positive)} with an aggregate principal outstanding of Rs. 563.19 crore (pool receivables of Rs. 1,172.39 crore). Aavas is also the servicer for the 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 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 of the promised interest payouts. The principal is expected to be paid on a monthly basis (88% of the pool principal billed). Further residual principal portions is also to be paid towards prepayment of the Series A1 PTCs however entire principal is promised on the final maturity date. The residual cash flows from the pool, after meeting the promised and expected payouts, will be passed on to Series A2 PTCs unless certain pre-defined conditions occur. In that scenario, these residual cashflows 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 88% of the billed principal). Any prepayment in the pool would be used for the prepayment of Series A1 PTCs principal.

The credit enhancement available in the structure is in the form of (i) CC of 3.00% of the initial pool principal, amounting to ~Rs. 16.90 crore, to be provided by the Originator, (ii) subordination of 12.00% of the initial pool principal for Series A1 PTCs, and (iii) the excess interest spread (EIS) of 50.82% of the initial pool principal for Series A1 PTCs.

### Key rating drivers and their description

#### Credit strengths

**Granular pool supported by presence of credit enhancement** – The pool is granular, consisting of 1,982 contracts, with no single borrower exceeding ~0.2% 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 some amount of the losses in the pool and provide support in meeting the PTC payouts.

**Seasoned contracts in the pool** – The pool has moderate weighted average seasoning of ~19 months (based on EMI collection) as on the cut-off date thereby reflecting repayment track record and buildup in borrower equity which is a credit positive.

**Healthy bureau score of borrowers:** In the pool, at least one of the borrower in all the contracts (in terms of the principal amount outstanding on the cut-off date) have a bureau score of 700 and above, which reflects their relatively better credit profile.

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

### Credit challenges

**High geographical concentration** – The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Rajasthan and Delhi contributing ~59% 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.

**Exposed to basis risk** – The transaction is exposed to basis risk as the underlying pool has floating rate loans linked to Aavas's lending rate, whereas yield on 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 its tenure at 2.75% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 8% to 24% 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: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is more than 10 times the estimated loss in the pool.

### Rating sensitivities

#### Positive factors

Not applicable for Series A1 PTCs.

#### Negative factors

The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a ratings downgrade. Weakening in the credit profile of the servicer (Aavas) could also exert pressure on the ratings.

## Analytical approach

The rating action is based on the analysis of the performance of Aavas’ portfolio till December 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	<a href="#">Rating Methodology for Securitisation Transactions</a>
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. Deed of Assignment
3. Information Memorandum
4. Legal opinion
5. Trustee letter
6. Other key or important 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](http://www.icra.in).

## About the originator

Aavas is a Jaipur (Rajasthan) headquartered housing finance company, which primarily provides housing loans in rural and semi-urban areas. It is present in 14 states and 1 UT, with a network of 404 branches and AUM of Rs. 22,204 crore on December 31, 2025.

Aavas was incorporated as a subsidiary of Au Financiers (India) Limited {now Au Small Finance Bank Limited (AuSFB)} in February 2011, and it formally began its operations in March 2012. In June 2016, AuSFB sold its stake in Aavas to private equity (PE) investors –Kedaara Capital and Partners Group –to meet the Reserve Bank of India’s (RBI) criteria for conversion to a small finance bank. Aavas launched an initial public offering (IPO) in FY2019 and its equity shares got listed on the stock exchanges on October 8, 2018. The total issue size was Rs. 1,734 crore, of which ~Rs. 360 crore as raised for business operations while the rest was utilised to pay off the existing shareholders. In August 2024, the erstwhile promoter group, i.e. Kedaara Capital and Partners Group, entered into share sale agreements (SSAs) to sell their entire stake to Aquilo House Pte. Ltd., which belongs to CVC Capital Partners Group (acquirer). Subsequently, through a public announcement dated August 10, 2024, the

acquirer made an open offer for the acquisition of an additional stake of up to 26.00% from the public shareholders of Aavas. After the consummation of the SSAs and completion of the open offer, Aquilo House Pte. Ltd. Gained control and was categorised as the new promoter of Aavas. As on December 31, 2025, Aavas' shareholding was: CVC Capital Partners (48.95%), foreign institutional investors (FIIs; 24.72%), domestic institutional investors (DIIs; 13.30%), the management team/employees/board members and relatives (1.00%) and others (12.04%).

Aavas reported a profit after tax (PAT) of Rs. 473 crore in 9M FY2026 on a managed asset base of Rs. 25,049 crore as on December 31, 2025 compared with Rs. 574 crore in FY2025 on a managed asset base of Rs. 22,926 crore as on March 31, 2025. It had a net worth of Rs. 4,858 crore and CRAR of 46.4% as on December 31, 2025 (Rs. 4,361 crore and 44.5%, respectively, as on March 31, 2025). The gross and net stage 3 stood at 1.2% and 0.8%, respectively, as on December 31, 2025 (1.1% and 0.7%, respectively, as on March 31, 2025)

### Key financial indicators

Aavas Financiers Limited	FY2024	FY2025	9MFY2026*
Profit after tax	491	574	473
Total Income	2,020	2,358	1,970
Total Managed Assets	19,993	22,926	25,059
Gross stage 3 (%)	0.9%	1.1%	1.2%
CRAR	44.0%	44.5%	46.4%

*Note: Amount in Rs. Crore; Source: Company & ICRA Research; \*Provisional*

### 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		
		Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
			Mar 20, 2026	-	-	-
Prime Home Loan Trust V	Series A1 PTCs	495.61	Provisional [ICRA]AAA(SO)	-	-	-

### Complexity level of the rated instrument

Instrument	Complexity indicator
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 type	Date of issuance /Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating
<b>Prime Home Loan Trust V</b>	Series A1 PTCs	March 27, 2026	7.08%*	March 10, 2056	495.61	Provisional [ICRA]AAA(SO)

Source: Company; \*floating (linked to 1 month T-bill with reset on a monthly basis)

**Annexure II: List of entities considered for consolidated analysis**

Not applicable

## ANALYST CONTACTS

**Manushree Sagar**  
+91 124 4545 316  
[manushrees@icraindia.com](mailto:manushrees@icraindia.com)

**Sachin Joglekar**  
+91 22 6114 3470  
[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Anubhav Agrawal**  
+91 22 6114 3439  
[sumit.pramanik@icraindia.com](mailto:sumit.pramanik@icraindia.com)

**Ritu Rita**  
+91 22 6114 3409  
[ritu.rita@icraindia.com](mailto:ritu.rita@icraindia.com)

**Ekta Baheti**  
+91 22 6114 3454  
[ekta.baheti@icraindia.com](mailto:ekta.baheti@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited

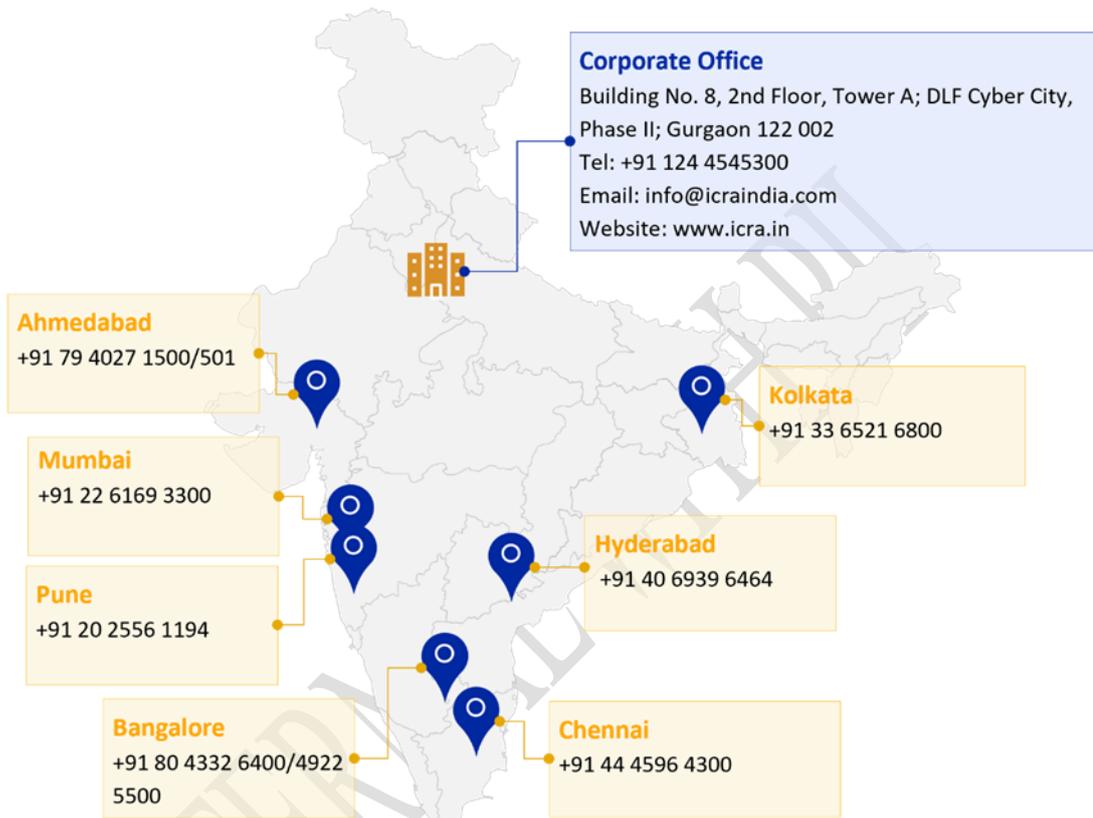


### Registered Office

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



### Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.