April 27, 2026

Aavas Financiers Limited: Rating confirmed as final for 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	[ICRA]AAA(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure II*

Rationale

In March 2026, ICRA had assigned Provisional [ICRA]AAA(SO) rating to Series A1 Pass-Through Certificates (PTCs) issued by Prime Home Loan Trust V under a securitisation transaction originated by Aavas Financiers Limited {Aavas/Originator; rated [ICRA]AA(Positive)}. The PTCs are backed by a pool of home loans receivables originated by Aavas with an aggregate principal outstanding of Rs. 563.19 crore (pool receivables of Rs. 1,172.39 crore). Aavas is also the servicer of the transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

Pool performance summary

Parameter	Prime Home Loan Trust V
Payout month	April 2026
Months post securitisation	1
Pool amortisation	1.60%
Series A1 PTCs Amortisation	1.82%
Cumulative prepayment rate	1.36%
Cumulative collection efficiency[1]	99.88%
Loss-cum 0+ days past due (dpd)[2]	0.12%
Loss cum 30+ dpd[3]	0.00%
Loss cum 90+ dpd[4]	0.00%
Cumulative cash collateral (CC) utilisation	0.00%

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 portion 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.

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[1] *Cumulative collections/ (Cumulative billings + Opening overdues 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*

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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Prime Home Loan Trust V
Originator	Aavas Financiers Limited
Servicer	Aavas Financiers Limited
Trustee	IDBI Trusteeship Services Limited
CC holding Bank	Punjab National Bank
Collection and payout Bank	Citibank N.A.

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 trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

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

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	Current rating (FY2027)			Chronology of rating history for the past 3 years		
	Instrument	Current rated amount (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
			April 27, 2026	Mar 20, 2026	-	-
Prime Home Loan Trust V	Series A1 PTCs	495.61	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: 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.

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 II: 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
Prime Home Loan Trust V	Series A1 PTCs	March 27, 2026	7.08%*	March 10, 2056	495.61	[ICRA]AAA(SO)

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

Annexure III: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Anubhav Agrawal
+91 22 6114 3439
sumit.pramanik@icraindia.com

Sheetal Nayak
+91 22 6114 3411
sheetal.nayak@icraindia.com

Ekta Baheti
+91 22 6114 3454
ekta.baheti@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

ABOUT ICRA LIMITED

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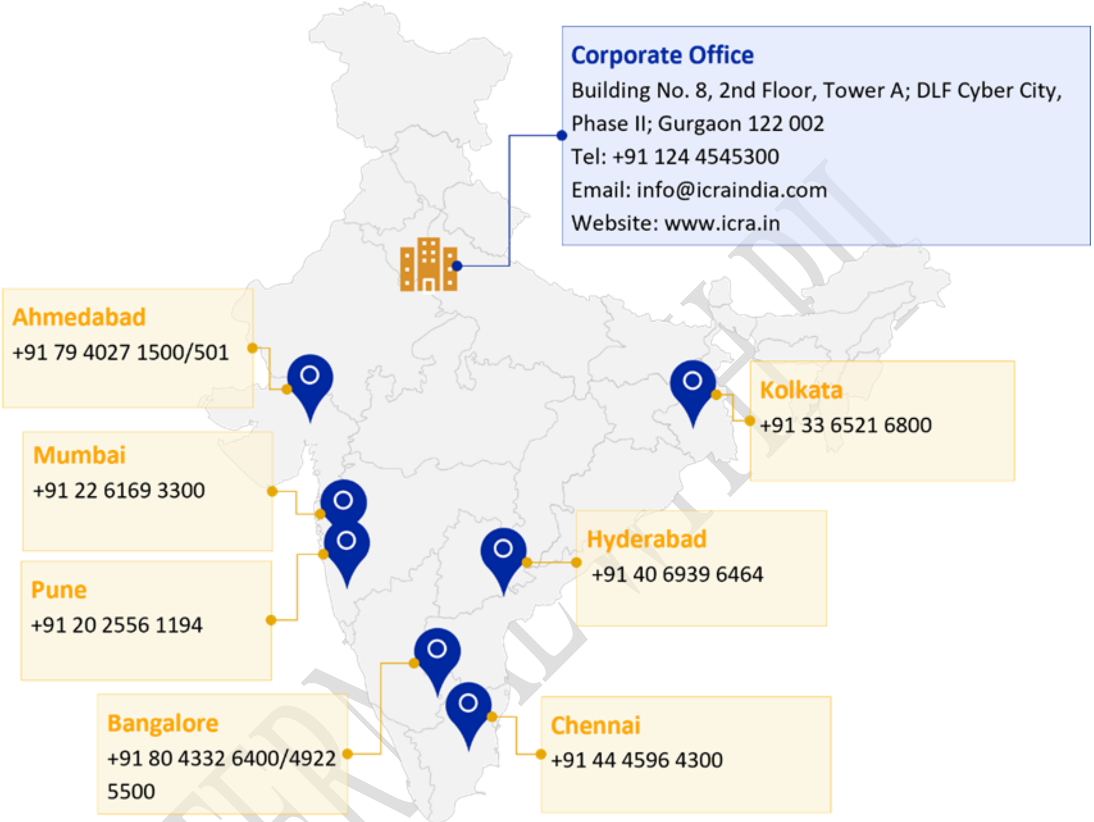
For more information, visit www.icra.in

ICRA Limited

Registered Office

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

Branches



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