July 29, 2026

Truhome Finance Limited (erstwhile Shriram Housing Finance Limited): Ratings reaffirmed for PTCs issued under a mortgage loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action	Financial Sector Regulator#
Ignite 5 Trust	Series A1 PTCs	93.12	44.26	29.96	[ICRA]AAA(SO); Reaffirmed	RBI
	Series A2 PTCs	4.90	4.90	4.90	[ICRA]A-(SO); Reaffirmed	RBI

**Instrument details are provided in Annexure I;*

#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.

Rationale

The pass-through certificates (PTCs) are backed by mortgage loan receivables originated by Truhome Finance Limited (THFL) (erstwhile Shriram Housing Finance Limited) (THFL/Originator; rated [5][ICRA]A1+). The pool of assets, securitised by THFL, was acquired by it from ICICI Home Finance Limited (ICICI HFC) through a direct assignment transaction.

The reaffirmation of the ratings factors in the build-up of the credit enhancement cover over the future PTC payouts on account of higher amortisation with healthy pool performance. The ratings also draw comfort from the fact that the breakeven collection efficiency is lower compared to the actual collection level observed in the pool till the June 2026 payout month.

Pool performance summary

Parameter	Ignite 5 Trust
Payout month	June 2026
Months post securitisation	40
Pool amortisation (as % of initial pool principal)	64.43%
PTC Amortization- PTC Series A1	67.82%
PTC Amortization - PTC Series A2	0.00%
Cumulative collection efficiency[1]	97.8%
Loss-cum-0+ dpd[2] (% of initial pool)	1.1%
Loss-cum-90+ dpd[3] (% of initial pool)	1.1%
Cumulative cash collateral (CC) utilisation	0.0%
Breakeven collection efficiency for Series A1 PTCs [4]	69.67%
Breakeven collection efficiency for Series A2 PTCs	89.21%
CC (% of balance pool principal)	14.1%
Principal Subordination (% of balance pool principal): for PTC Series A1	14.1%
Principal Subordination (% of balance pool principal): for PTC Series A2	0.00%

[1] *(Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdue at the start of the transaction)*
[2] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 0 days, as a % of Initial pool principal*
[3] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal*
[4] *(Balance cash flows payable to investor – CC available)/Balance pool cash flows*
[5] *The current rating rationale of the originator, available at this link, provides its detailed rating history and rating transitions.*

Parameter	Ignite 5 Trust
Excess interest spread (EIS; % of balance pool) for Series A1 PTCs [5]	19.2%
Excess interest spread (EIS; % of balance pool) for Series A2 PTCs	3.5%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. 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. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will be used to repay the principal to Series A2 PTCs (subordinated to Series A1 PTCs), following the full redemption of Series A1 PTCs. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal. The nature of the transaction leads to commingling risks with two entities, viz. ICICI HFC and THFL. However, the commingling risk associated with THFL is limited to a few days only, i.e. the difference between the receipt of funds from ICICI HFC and the pay-in date for the transaction.

Key rating drivers and their description

Credit strengths

Adequate servicing capability of ICICI HFC – The servicer has a well-established track record of more than two decades in the housing finance business and has adequate underwriting policies and collection procedures across a wide geography. It also has satisfactory processes for servicing the loan accounts in the securitised pool.

Build-up of credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement with CC increasing to ~14% of the balance pool principal. Internal credit support is also available through EIS and subordination in the transaction.

Healthy pool performance – The performance of the pool has been healthy with cumulative collection efficiency upwards of 99% till June 2026 payout month resulting in lower delinquencies with loss cum 90+ dpd and loss cum 180+ dpd at 1.1% and 1.1%, respectively. Further, the breakeven collection efficiency is lower than monthly collection efficiency.

Credit challenges

Exposed to interest rate risk – The transaction is exposed to interest rate risk as the underlying pool and the PTC yield are linked to different benchmark rates.

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.

[5] *(Pool cash flows – Cash flows to PTCs)/Pool principal outstanding*

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 1.50% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 12.0% to 20.0% 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 transaction are as follows:

Transaction Name	Ignite 5 Trust
Originator	Truhome Finance Limited (erstwhile Shriram Housing Finance Limited)
Servicer	ICICI Home Finance Limited
Trustee	IDBI Trusteeship Services Limited
CC holding Bank	ICICI Bank Limited
Collection and payout account Bank	ICICI Bank Limited

Liquidity position

Series A1 PTCs: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is 8.50 times the estimated loss in the pool.

Series A2 PTCs: Strong

The liquidity for Series A2 PTCs is adequate after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is 3.50 times the estimated loss in the pool.

Rating sensitivities

Positive factors

Series A1 PTCs – Not applicable

Series A2 PTCs – The sustained strong collection performance of the underlying pool, leading to lower-than-expected delinquency levels and lower credit enhancement utilisation levels, would result in a rating upgrade.

Negative factors – Pressure on the ratings could emerge in case of the consistently weak collection performance of the underlying pool, leading to higher-than expected delinquency levels and credit enhancement utilisation levels. Weakening in the credit profile of the servicer (ICICI HFC) could also exert pressure on the ratings.

Analytical approach

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

Analytical Approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

Truhome Finance Limited (erstwhile Shriram Housing Finance Limited) is a housing finance company registered with the National Housing Bank (NHB). On August 04, 2011, the company received its Certificate of Registration from National Housing Bank (NHB) as required under Section 29A of the National Housing Bank Act, 1987. The primary operation of the company is providing loans for the purchase or construction of residential space and loans against property. As on March 31, 2026, its assets under management stood at Rs. 22,634 crore, to more than 3.65 lakh borrowers across 19 states and Union Territories in India through a network of 224 branches.

Key financial indicators (audited)

TruHome Finance Limited (standalone)	FY2024	FY2025	Mar-26*
Total income	1,430	1905	2,483
Profit after tax	217	286	491
Total managed assets	14,854	19,634	25,113
Gross stage 3	1.0%	1.5%	1.5%
CRAR	25.0%	36.6%	34.5%

*Source: Company, ICRA Research; *Provisional; 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	Current Rating (FY2027)			Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024
					July 29, 2026	July 25, 2025	July 25, 2024	July 12, 2023
1	Ignite 5 Trust	Series A1 PTCs	93.12	29.96	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)
		Series A2 PTCs	4.90	4.90	[ICRA]A-(SO)	[ICRA]A-(SO)	[ICRA]A-(SO)	[ICRA]A-(SO)

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Ignite 5 Trust	Series A1 PTCs	Highly Complex
	Series A2 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	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
Ignite 5 Trust	Series A1 PTCs	March 15, 2023	8.85%*	January 25, 2043	29.96	[ICRA]AAA(SO)
	Series A2 PTCs		9.15%*		4.90	[ICRA]A-(SO)

*Source: Company; * Floating, linked to 1-year SBI MCLR plus spread of 15 bps*

Annexure II: List of entities considered for consolidated analysis

Not applicable

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