

India Ratings Revises Outlook on Truhome Finance's NCDs and Bank Loan Facilities to Positive; Affirms 'IND AA'; Rates Additional Limits

May 20, 2026 | Truhome Finance limited (Formerly Shriram Housing Finance Limited) | Housing Finance Company

India Ratings and Research (Ind-Ra) has revised the Outlook on Truhome Finance Limited's (Truhome) debt instruments to Positive from Stable while affirming the rating at 'IND AA'. The instrument-wise rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR10,000	IND AA/Positive	Assigned
Non-convertible debentures*	-	-	-	INR14,830 (reduced from INR15,580)	IND AA/Positive	Affirmed; Outlook revised to Positive
Bank loan facilities	-	-	-	INR40,000	IND AA/Positive	Affirmed; Outlook revised to Positive

*Details in annexure

Analytical Approach

Ind-Ra continues to take a standalone view of Truhome to arrive at the ratings.

Detailed Rationale of the Rating Action

The Outlook revision to Positive reflects an improvement in Truhome's size and scale in the housing finance space, along with its well-diversified geographical presence and established position in its operating markets. The ratings reflect the company's well-diversified funding profile with improving funding costs. The company has maintained adequate liquidity and capitalisation. Furthermore, it is raising capital through an initial public offering, which will further strengthen its capital base and provide sufficient headroom to sustain growth momentum. The ratings also factor in Truhome's high growth over the past few years, which has resulted in a loan book with a significant share of recent originations, and, to that extent, the portfolio remains relatively less seasoned.

List of Key Rating Drivers

Strengths

- Sizeable player within affordable housing finance space
- Experienced and stable management team
- Diversified lender base
- Capital position and leverage to improve

Weaknesses

- Asset quality susceptible to volatility given customer segment being largely self-employed category and low seasoning in the portfolio

Detailed Description of Key Rating Drivers

Sizeable Player within Affordable Housing Finance Space: Truhome is a significant player in the affordable housing finance segment, with assets under management (AUM) of INR226.3 billion as of FY26 (FY25: INR177.6 billion; FY24: INR137.6 billion; FY23: INR80.5 billion). The company has established a well-entrenched pan-India franchise, supported by a diversified and sizeable branch network. At FYE26, Truhome operated 224 branches and offices across 17 states and union territories. The company does not intend to expand into new states; instead, it aims to deepen its presence within the existing markets. In line with this strategy, Truhome plans to expand its footprint in under-served geographies through smaller format branches under the Tru Connect model, aimed at targeting opportunities in the lower ticket-size loan segment through direct channels.

Geographically, Truhome has a strong presence in key industrial states such as Maharashtra, Gujarat, and Tamil Nadu, which account for approximately 18%, 16%, and 16% of the AUM, respectively. The company primarily caters to borrowers in the middle- and low-income segments, predominantly in urban and semi-urban areas. Truhome's average loan ticket size is INR2.1 million, which is relatively higher than its peers in the affordable housing finance segment.

The borrower profile is characterised by a higher share of self-employed individuals, constituting approximately 77% of the portfolio, with a majority engaged in the formal sector. The company during FY26 forayed into small-ticket-size loans. The target ticket size for this segment is around INR1 million, with a minimum threshold of INR0.5 million. To strengthen its presence in this segment, Truhome plans to enhance its distribution capabilities and scale up operations through the addition of around 250 Tru Connect branches over the medium term.

Experienced and Stable Management Team: Truhome has an operating track record of 15 years and has established its presence as a key player in the affordable housing finance market. Its top management consists of experienced professionals, with an average relevant experience of more than 25 years. Additionally, most of the senior leadership has been with the entity for the past five years. The company has a strong focus on technology, building digital capabilities, and management information systems. Following the conclusion of the share transfer from the erstwhile promoter to the new promoter, Mango Crest Investment Ltd, an affiliate of the private equity investor, Warburg Pincus LLC, Truhome's board has been overhauled, and five new board members have been appointed, three of whom are independent. The managing director and chief executive officer of Truhome is also a member of the board.

Diversified Lender Base: Truhome has mobilised funds from 35 financiers, including term loans from banks and large financial institutions (43% of total borrowings at end-March 2026), external commercial borrowings (15%), and capital market borrowings such as non-convertible debentures (12%), commercial paper (2%) and pass-through certificates (10%). It also has refinance lines from the National Housing Bank (['IND AAA'/Stable](#)), which stood at 17% of the borrowings at FYE26 (FYE25: 17%; FYE24: 14%; FYE23: 9%).

Furthermore, Truhome has banking relationships with some of the largest public, private, and foreign banks. A significant portion of its loan book qualifies for priority sector lending; therefore, securitisation/assignment is an additional source of fundraising. Direct assignment and co-lending account for 24% of the total AUM as on 31 March 2026. Subsequently, the share of total off-book AUM will continue to range between 23% and 25% over the medium term. Ind-Ra does not foresee any major challenge for the company in incrementally raising debt funds to meet its growth plans over FY27.

Capital Position and Leverage to Improve: Truhome's capital adequacy ratio remained adequate at 34.5% in FY26 (FY25: 36.6%; FY24: 24.5%), primarily supported by a fresh equity infusion of around INR12 billion in FY25, following the conclusion of a transaction and an additional INR4.2 billion was infused in FY26. Truhome capital consumption is likely to remain high, given the company's strong growth momentum, as it plans to scale up its AUM to over INR270 billion by FYE27 (FYE26: INR226 billion; FYE25: INR177 billion; FYE24: INR130 billion). Truhome's leverage (debt/equity) stood at 3.35x in FY26 (FY25: 3.32x; FY24: 5.0x). Given the strong growth trajectory, leverage is likely to increase; however, management remains committed to maintaining it below 5.0x on a sustainable basis. In addition, the company is raising capital through an initial public offering, wherein it intends to raise INR15 billion through a fresh issuance. Ind-Ra believes that the current capitalisation, along with the proposed capital raise, if materialises, will be sufficient to support the company's growth momentum over the medium-to-long term. Furthermore, the company's profitability has continued to improve, which will further add up to its capital base.

Asset Quality Susceptible to Volatility given Customer Segment being Largely Self-employed Category and Low Seasoning in the Portfolio: Truhome's borrower mix is skewed towards self-employed customers, accounting for 77% of the total AUM at FYE26. The segment is susceptible to income volatility, which can accentuate during an economic downturn. The company's underwriting remains stringent, as borrowers with bureau score of 700 and above accounted for 85% of the total AUM at FYE26. Additionally, nearly 58% of the exposure has a loan-to-value of below 60%. Ind-Ra believes conservative underwriting standards are crucial to the performance of the portfolio, especially given the company's focus on the affordable segment.

Truhome's gross stage-3 assets were largely steady at 1.45% in FY26 (FY25: 1.51%; FY24: 1.03%). Furthermore, 1+ days past due (dpd) was largely steady at 4.4% in FY26 (FY25: 4.4%; FY24: 3.3%) better than most of its peers. The bounce rate has largely remained steady, hovering around 16%. The company's stage 3 provision increased to 33.9% at FYE26 (FYE25: 32.2%; FYE24: 26.3%); the total provision coverage on the loan portfolio was around 1% (0.9%; 0.9%; 0.7%). Additionally, 61% of the AUM in FY26 consisted of disbursements in the last eight quarters (36% in the past four quarters), which have remained unseasoned. Truhome plans to increase its AUM to over INR270 billion by end-FY27, making the asset quality a key area to monitor.

Liquidity

Adequate: The behavioural asset-liability management for March 2026 showed a positive cumulative gap of up to one-year bucket with a cumulative surplus at 5.7% of the total assets. As of end-March 2026, Truhome had cash and cash equivalents of INR11.13 billion, and unutilised working capital lines of INR2.7 billion. As against this, the debt outflows over next three months stood at INR8.4 billion. As per the management, the company plans to maintain minimum on-balance sheet liquidity to meet two months of debt repayment.

Rating Sensitivities

Positive: Future developments that could, collectively, lead to a positive rating action include:

- a significant increase in the franchisee, along with asset quality control and a further penetration in existing geographies,
- maintenance of adequate capital buffers in line with book granularity and scale.

Negative: Future developments that could, individually or collectively, lead to a negative rating action include:

- deterioration in the asset quality with the gross non-performing assets exceeding 5% on a sustained basis, and significant increase in credit cost
- leverage exceeding 5.0x on a sustained basis,
- challenges in fund raising and erosion in liquidity buffers.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on Truhome, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

Truhome was registered as a housing finance company with NHB in August 2011 and started lending operations in December 2011. The company has a network of 224 branches across 19 states and union territories.

Key Financial Indicators

Particulars	FY26	FY25
Total assets (INR billion)	195.6	151.4
Total equity (INR billion)	43.7	34.4
Net income (INR billion)	4.9	2.8
Return on average assets (%)	2.8	2.1
Tier 1 capital (%)	32.6	34.3
Source: Truhome Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook				
	Rating Type	Rated Limits (million)	Current Rating	26 August 2025	20 February 2025	17 December 2024	23 May 2024	14 March 2024
Non-convertible debentures	Long-term	INR14,830	IND AA/Positive	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA+/Rating Watch with Negative Implications	IND AA+/Stable
Bank loan facilities	Long-term	INR50,000	IND AA/Positive	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA+/Rating Watch with Negative Implications	IND AA+/Stable

Bank wise Facilities Details

The details are as reported by the issuer as on (20 May 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	NA	Bank loan(Unutilised)	1961.68	IND AA/Positive
2	Aditya Birla Finance Limited	Term Loan	85.77	IND AA/Positive
3	Axis Bank Limited	Term Loan	250	IND AA/Positive
4	Axis Bank Limited	Term Loan	600	IND AA/Positive
5	Axis Bank Limited	Term Loan	675	IND AA/Positive
6	Axis Bank Limited	Term Loan	600	IND AA/Positive
7	Axis Bank Limited	Term Loan	850	IND AA/Positive
8	Axis Bank Limited	Term Loan	850	IND AA/Positive
9	Axis Bank Limited	Term Loan	425	IND AA/Positive

10	Bandhan Bank	Term Loan	50	IND AA/Positive
11	Bandhan Bank	Term Loan	200	IND AA/Positive
12	Bandhan Bank	Term Loan	500	IND AA/Positive
13	Bandhan Bank	Term Loan	770	IND AA/Positive
14	Bandhan Bank	Term Loan	630	IND AA/Positive
15	Bank of Maharashtra	Term Loan	137.2	IND AA/Positive
16	Bank of Maharashtra	Term Loan	333.2	IND AA/Positive
17	Bank of Maharashtra	Term Loan	666.4	IND AA/Positive
18	Bank of Maharashtra	Term Loan	777.69	IND AA/Positive
19	Bank of Maharashtra	Term Loan	388.84	IND AA/Positive
20	Central Bank of India	Term Loan	1000	IND AA/Positive
21	Central Bank of India	Term Loan	1000	IND AA/Positive
22	Central Bank of India	Term Loan	3000	IND AA/Positive
23	Federal Bank	Term Loan	125	IND AA/Positive
24	Federal Bank	Term Loan	125	IND AA/Positive
25	Federal Bank	Term Loan	131.2	IND AA/Positive
26	Federal Bank	Term Loan	131.2	IND AA/Positive
27	Federal Bank	Term Loan	650	IND AA/Positive
28	Federal Bank	Term Loan	700	IND AA/Positive
29	Federal Bank	Term Loan	1000	IND AA/Positive
30	ICICI Bank	Term Loan	875	IND AA/Positive
31	IndusInd Bank Limited	Term Loan	1600	IND AA/Positive
32	Punjab National Bank	Term Loan	1111.3	IND AA/Positive
33	Punjab National Bank	Term Loan	889	IND AA/Positive
34	Punjab National Bank	Term Loan	889	IND AA/Positive
35	Punjab National Bank	Term Loan	600	IND AA/Positive
36	Punjab National Bank	Term Loan	600	IND AA/Positive

37	Punjab National Bank	Term Loan	300	IND AA/Positive
38	Punjab National Bank	Term Loan	2000	IND AA/Positive
39	Qatar National Bank	Term Loan	10	IND AA/Positive
40	Qatar National Bank	Term Loan	162.5	IND AA/Positive
41	South Indian Bank	Term Loan	62.5	IND AA/Positive
42	State Bank of India	Term Loan	900	IND AA/Positive
43	State Bank of India	Term Loan	900	IND AA/Positive
44	State Bank of India	Term Loan	2700	IND AA/Positive
45	State Bank of India	Term Loan	2000	IND AA/Positive
46	State Bank of India	Term Loan	3000	IND AA/Positive
47	State Bank of India	Term Loan	2000	IND AA/Positive
48	State Bank of India	Term Loan	5000	IND AA/Positive
49	Yes Bank Ltd	Term Loan	104.18	IND AA/Positive
50	Yes Bank Ltd	Term Loan	883.33	IND AA/Positive
51	Yes Bank Ltd	Term Loan	1800	IND AA/Positive
52	State Bank of India	Term Loan	3000	IND AA/Positive

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
Non-convertible debentures*	INE432R07364	14 March 2023	8.95	13 March 2026	INR750	WD
Non-convertible debentures	INE432R07257	11 December 2020	9.6	11 December 2030	INR170	IND AA/Positive

Non-convertible debentures	INE432R07265	15 January 2021	9.42	15 January 2031	INR210	IND AA/Positive
Non-convertible debentures	INE432R07273	3 May 2021	9.32	2 May 2031	INR100	IND AA/Positive
Non-convertible debentures	INE432R08040	30 September 2022	8.6	30 September 2037	INR350	IND AA/Positive
Non-convertible debentures	INE432R07356	9 February 2023	9.09	9 February 2033	INR2,400	IND AA/Positive
Non-convertible debentures	INE432R07380	1 June 2023	8.8	1 December 2026	INR500	IND AA/Positive
Non-convertible debentures	INE432R07455	27 February 2025	8.6	27 August 2027	INR3,100	IND AA/Positive
Non-convertible debentures	INE432R07489	8 August 2025	7.9	8 August 2028	INR2,000	IND AA/Positive
Non-convertible debentures		Total utilised			INR8,830	
Non-convertible debentures		Unutilised			INR6,000	IND AA/Positive
		Total#			INR14,830	

Source: NSDL, Company

WD – Rating Withdrawn

*Ind-Ra has withdrawn the rating as the instrument has been paid in full

#excludes withdrawn NCDs

List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating Activity

Sr. No.	Instrument / activity Name	Regulator of the instrument
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 and other similar borrowings	RBI
10	Certificates of Deposit	RBI

Sr. No.	Instrument / activity Name	Regulator of the instrument
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	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

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

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), India Ratings shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

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

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies @	NA

@ permitted by SEBI vide SEBI Master Circular for CRAs.

Note: For instruments or activities falling under the purview of regulators other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

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