February 27, 2025

India Shelter Finance Corporation Limited: Ratings reaffirmed 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
GHAR 09 2022	PTC Series A1	79.06	59.79	48.15	[ICRA]AA(SO); reaffirmed
	PTC Series A2	4.16	4.16	4.16	[ICRA]A+(SO); reaffirmed
RAFAEL 08 2021	PTC Series A1	29.17	14.25	12.37	[ICRA]AAA(SO); reaffirmed
	PTC Series A2	2.89	2.89	2.89	[ICRA]A+(SO); reaffirmed

**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 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 2025 payout month.

Pool performance summary

Parameter	GHAR 09 2022	RAFAEL 08 2021
Payout month	January 2025	January 2025
Months post securitisation	28	41
Pool amortisation (as % of initial pool principal)	37.1%	52.4%
PTC amortisation		
PTC Series A1	39.1%	57.6%
PTC Series A2	0.00%	0.00%
Cumulative collection efficiency[1]	98.1%	99.7%
Loss-cum-90+ (% of initial pool principal)[2]	0.8%	0.2%
Loss-cum-180+ (% of initial pool principal)[3]	0.5%	0.0%
Breakeven collection efficiency[4]		
PTC Series A1	67.8%	56.9%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%	0.0%
CC available (as % of balance pool principal)	8.0%	15.5%
Excess interest spread (EIS; as % of balance pool principal)		
PTC Series A1	45.0%	33.5%
Cumulative prepayment rate[5]	24.0%	28.7%

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

[2] POS on contracts aged 90+ dpd + Overdues / Initial POS on the pool

[3] POS on contracts aged 180+ dpd + Overdues / 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 – Credit collateral available) / Balance pool cash flows

[5] POS at the time of prepayment of contracts prepaid till date / Initial pool principal

Transaction structure

As per the transaction structure for GHAR 09 2022, 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.

As per the transaction structure for RAFAEL 08 2021, 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.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed GHAR 09 2022 and RAFAEL 08 2021 basis the cash collateral (CC) mentioned in the table below. Based on the pools' performance, the ratings for the PTCs will remain unchanged even after the CC amount is reset. The CC reset shall be subject to the approval of the PTC investors. However, as per regulatory guidelines, the amount of CC that can be released would be restricted to 60% of the difference between the current CC amount and the revised CC amount allowed by ICRA.

Transaction name	Current CC outstanding [A]	CC Required as per ICRA for maintaining present rating [B]	CC that can be released [C]= 60%*(A - B)	Revised CC limit [D] = (A – C)
GHAR 09 2022	4.16	2.08	1.25	2.91
RAFAEL 08 2021	2.37	1.19	0.71	1.66

Amount in Rs. crore

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 sufficient underwriting policies and collection procedures across a wide geography. It has adequate processes for servicing the loan accounts in the securitised pools.

Healthy pool performance – The performance of the pools has been healthy with a cumulative collection efficiency of more than 98% till the January 2025 payout month. This has resulted in low delinquencies in the pools with 90+ dpd of 0.79% and 0.16%, respectively, for GHAR 09 2022 and RAFAEL 08 2021. Further, there have been no instances of CC utilisation till date owing to the strong collection performance and the presence of EIS in the transactions.

Substantial credit enhancement available in the structure – The ratings factor in the build-up in the credit enhancement cover with the CC increasing to around 8% and 15.5% of the balance pool from 5.0% and 7.4% at the time of securitisation for

GHAR 09 2022 and RAFAEL 08 2021, respectively. Internal credit support is also available through the scheduled EIS and subordination.

Contracts backed by residential properties – All the contracts in the pools are backed by residential properties. This is expected to support the quality of the pools 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 – The majority of the contracts in the pools have a fixed rate while the PTC Series A1 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 pools' 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 2.50% and 1.50% for GHAR 09 2022 and RAFAEL 08 2021, 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	GHAR 09 2022	RAFAEL 08 2021
Originator	India Shelter Finance Corporation Limited	India Shelter Finance Corporation Limited
Servicer	India Shelter Finance Corporation Limited	India Shelter Finance Corporation Limited
Trustee	Catalyst Trusteeship Limited	IDBI Trusteeship Services 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 transactions is superior after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement is more than 6 times the estimated loss in both pools.

Rating sensitivities

For GHAR 09 2022

Positive factors – The ratings 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 ratings.

For RAFAEL 08 2021

Positive factors – Not applicable for PTC Series A1; the rating could be upgraded for PTC Series A2 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 ratings.

Analytical approach

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.

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

About the originator

India Shelter Finance Corporation Limited (ISFCL) is a housing finance company 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 December 31, 2024, the company had a managed portfolio of Rs. 7,619 crore spread across 15 states/Union Territories. 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)

	FY2023	FY2024	9M FY2025*
Total income	606	861	849
Profit after tax	155	248	270
AUM (incl. assigned portfolio; IGAAP valuation)	4,359	6,084	7,619
Gross stage 3	1.1%	1.0%	1.2%
CRAR	52.7%	70.9%	60.6%

*Source: Company, ICRA Research; *Provisional numbers; 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 (FY2025)				Chronology of rating history for the past 3 years			
	Instrument	Initial amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022
				February 27, 2025	February 09, 2024	February 10, 2023	September 30, 2022	-
GHAR 09 2022	PTC Series A1	79.06	48.15	**[ICRA]AA(SO)**	**[ICRA]AA(SO)**	**[ICRA]AA(SO)**	**Provisional [ICRA]AA(SO)**	-
	PTC Series A2	4.16	4.16	**[ICRA]A+(SO)**	**[ICRA]A+(SO)**	**[ICRA]A+(SO)**	**Provisional [ICRA]A+(SO)**	-

Trust name	Current rating (FY2025)					Chronology of rating history for the past 3 years			
	Instrument	Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	
				February 27, 2025	July 22, 2024	July 20, 2023	July 28, 2022	November 11, 2021	August 25, 2021
RAFAEL 08 2021	PTC Series A1	29.17	12.37	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**
	PTC Series A2	2.89	2.89	**[ICRA]A+(SO)**	**[ICRA]A+(SO)**	**[ICRA]A+(SO)**	**[ICRA]A+(SO)**	**[ICRA]A+(SO)**	**Provisional [ICRA]A+(SO)**

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
GHAR 09 2022	PTC Series A1	Moderately Complex
	PTC Series A2	Moderately Complex
RAFAEL 08 2021	PTC Series A1	Moderately Complex
	PTC Series A2	Moderately 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
GHAR 09 2022	PTC Series A1	September 29, 2022	8.70%	October 17, 2041	48.15	[ICRA]AA(SO)
	PTC Series A2		11.20%		4.16	[ICRA]A+(SO)
RAFAEL 08 2021	PTC Series A1	August 30, 2021	9.30%	December 17, 2039	12.37	[ICRA]AAA(SO)
	PTC Series A2		11.00%		2.89	[ICRA]A+(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

Abhishek Dafria
+91 22 6114 3440
abhishek.dafria@icraindia.com

Himanshi Doshi
+91 22 6114 3410
himanshi.doshi@icraindia.com

Ekta Baheti
+91 22 6114 3423
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

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.

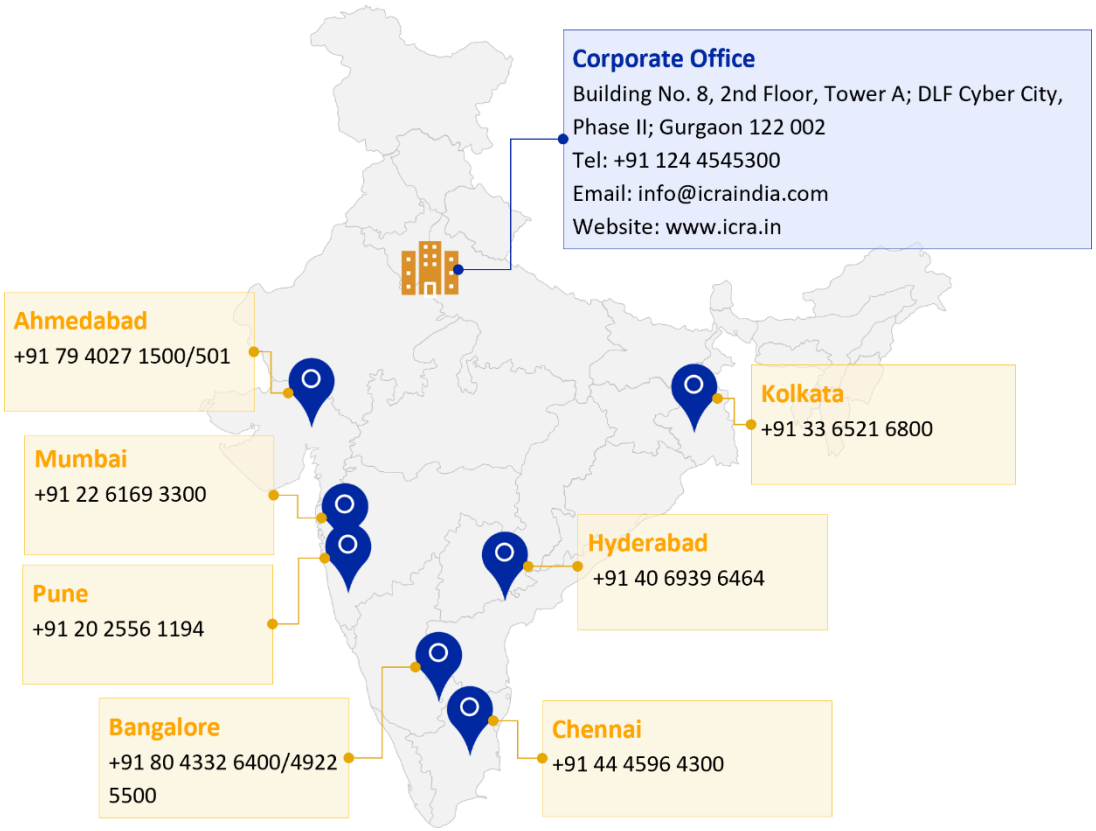
For more information, visit www.icra.in

ICRA Limited

Registered Office

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

Branches



© Copyright, 2025 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 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.