

May 26, 2025

## Niwas Housing Finance Private Limited (erstwhile Indostar Home Finance Private Limited): Rating reaffirmed for PTCs issued under 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
Star HFC Trust Nov 2022	Series A PTCs	74.02	49.70	36.71	[ICRA]AAA(SO); reaffirmed
Star HFC PTC Trust Jan 2023	Series A1 PTC	58.15	38.59	23.34	[ICRA]AAA(SO); reaffirmed

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTCs) are backed by two pools of home loan and loan against property (LAP) receivables originated by Niwas Housing Finance Private Limited {erstwhile Indostar Home Finance Private Limited; NHFPL/Originator}. NHFPL is the servicer for both transactions.

The rating 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 of both transactions. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in both pools till the April 2025 payout month.

### Pool performance summary

Parameter	Star HFC Trust Nov 2022	Star HFC PTC Trust Jan 2023
Payout month	April 2025	April 2025
Months post securitisation	28	25
Pool amortisation	38.5%	36.0%
PTC Series A amortisation (as % of initial PTC Series A principal)	50.4%	59.9%
Cumulative collection efficiency (%) <sup>1</sup>	99.1%	99.3%
Breakeven collection efficiency (%) <sup>2</sup>	38.1%	27.0%
Loss-cum-90+ (% of initial pool principal) <sup>3</sup>	1.4%	1.1%
Loss-cum-180+ (% of initial pool principal) <sup>4</sup>	1.1%	0.5%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%	0.0%
CC available (as % of balance pool principal)	13.0%	4.7%
Excess interest spread (EIS; as % of balance pool principal)	119.2%	103.1%

<sup>1</sup> Cumulative collections till date / Cumulative billings till date + Opening overdues

<sup>2</sup> It is the minimum collection efficiency required over the balance tenure to ensure all investor payouts are met: (Balance cash flows payable to investor – CC available – Trapped EIS) / Balance pool cash flows

<sup>3</sup> POS on contracts aged 90+ dpd + Overdues / Initial POS on the pool

<sup>4</sup> POS on contracts aged 180+ dpd + Overdues / Initial POS on the pool

## Transaction structure

### For Star HFC Trust Nov 2022

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. The residual cash flows from the pool, after meeting the promised and expected payouts, will be used for the prepayment of Series A PTC principal. Any prepayment in the pool would be used for the prepayment of Series A PTC principal.

### For Star HFC PTC Trust Jan 2023

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. The residual cash flows from the pool, after meeting the promised and expected payouts, will be used for the prepayment of Series A1 PTC principal. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

## Key rating drivers and their description

### Credit strengths

**Substantial credit enhancement available in the structure** – The rating factors in the build-up in the credit enhancement cover with the CC increasing to ~13% and ~5% of the balance pool principal from 8% and 3% of the pool principal at the time of securitisation for Star HFC Trust Nov 2022 and Star HFC PTC Trust Jan 2023, respectively. Internal credit support is also available through the scheduled excess interest spread (EIS) for both transactions and in the form of subordination for Star HFC PTC Trust Jan 2023.

**Healthy pool performance** – The performance of both pools has been strong with a cumulative collection efficiency of ~99%, which has resulted in low delinquencies with the 90+ days past due (dpd) below 1.5% for both pools as of the April 2025 payout month. The breakeven collection efficiency is also below the actual collections seen in the pools for both transactions. Further, there have been no instances of CC utilisation in any of the pools till date owing to the strong collection performance and the presence of EIS in both transactions.

**Adequate servicing capability of originator** – The company has adequate processes for servicing the loan accounts in the securitised pools. It has a track record of around five years of regular collections and recoveries across a wide geography.

### Credit challenges

**Exposed to basis risk** – Both transactions are exposed to basis rate risk as the underlying pools comprise loans with floating interest rates linked to the Originator's internal benchmark rate while the yield on the PTC is linked to the external benchmark rate.

**Risks 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 transaction 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 3.50% for both pools, with certain variability around it. The average prepayment rate for the underlying pools is modelled in the range of 6.0% to 20.0% per annum for both transactions. 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 transactions are as follows:

Transaction name	Star HFC Trust Nov 2022	Star HFC PTC Trust Jan 2023
Originator	Niwas Housing Finance Private Limited	Niwas Housing Finance Private Limited
Servicer	Niwas Housing Finance Private Limited	Niwas Housing Finance Private Limited
Trustee	IDBI Trusteeship Services Limited	Catalyst Trusteeship Limited
CC bank	DBS Bank Limited	DCB Bank Limited
Collection and payout account bank	DBS Bank Limited	ICICI Bank Limited

## Liquidity position: Superior

The liquidity for the PTC 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 for both pools.

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – The rating could be downgraded based on the sustained 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 could also exert pressure on the rating.

## Analytical approach

The rating action is based on the performance of the pools till April 2025 payout month, the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of these pools.

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Securitisation Transactions</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the originator

Incorporated in January 2016, Niwas Housing Finance Private Limited (NHFPL; erstwhile Indostar Home Finance Private Limited) is a housing finance company (HFC). It offers housing loans and LAP, with a focus on the affordable housing segment (average ticket size of Rs. 9 lakh as of June 2024), to retail customers in tier 2 to tier 4 cities in India. NHFPL has supported over 39,000 low income homeowners and small businesses. As of December 31, 2024, the gross loan book stood at Rs. 2,047 crore compared to Rs. 2,269 crore in March 2024. The loan book is currently split equally between the salaried and self-employed segments while 84% is concentrated in four states, i.e. Tamil Nadu, Maharashtra, Andhra Pradesh and Telangana.

### Key financial indicators

NHFPL	FY2023 Audited	FY2024 Audited	9M FY2025 Unaudited
Total revenue	209	290	287
PAT	38	44	44
Gross loan book	1,623	2,269	2,047
Gross stage 3	1.3%	1.1%	1.6
CRAR	80.5%	57.4%	52.60%

Source: Company data; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

S. no.	Trust name	Current rating (FY2026)				Chronology of rating history for the past 3 years			
		Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
					May 26, 2025	May 24, 2024	May 16, 2023	Jan 05, 2023	
1	Star HFC Trust Nov 2022	Series A PTCs	74.02	36.71	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	

S. no.	Trust name	Current rating (FY2026)				Chronology of rating history for the past 3 years			
		Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
					May 26, 2025	May 24, 2024	May 10, 2023	Mar 29, 2023	
2	Star HFC PTC Trust Jan 2023	Series A1 PTC	58.15	23.34	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	

### Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
Star HFC Trust Nov 2022	Series A PTCs	Complex
Star HFC PTC Trust Jan 2023	Series A1 PTC	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
<b>Star HFC Trust Nov 2022</b>	Series A PTCs	December 29, 2022	8.95%*	May 14, 2047	36.71	[ICRA]AAA(SO)
<b>Star HFC PTC Trust Jan 2023</b>	Series A1 PTC	March 23, 2023	9.25%**	May 17, 2042	23.34	[ICRA]AAA(SO)

Source: Company

\* Repo linked, 6-monthly reset, Repo + 2.70%

\*\*Linked to DCB, i.e. investor's EBLR rate

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

Not applicable

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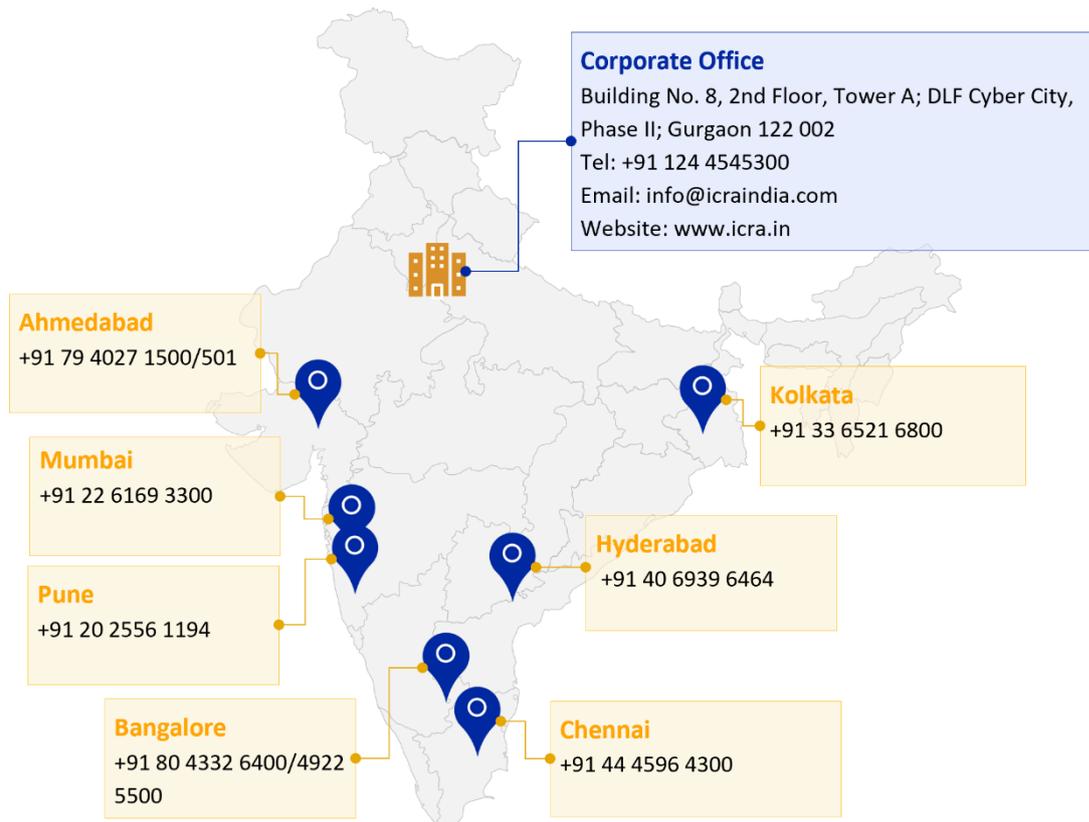
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