

July 18, 2025

## Niwas Housing Finance Private Limited (erstwhile Indostar Home Finance Private Limited): Rating confirmed as final for PTCs issued under a home loan receivables securitisation transaction

### Summary of rating action

Trust name	Instrument*	Rated amount (Rs. crore)	Rating action
STAR HFC PTC TRUST March_25	Series A1 PTCs	92.07	[ICRA]AAA(SO); rating confirmed as final

\*Instrument details are provided in Annexure I

### Rationale

ICRA had assigned a provisional rating to the pass through certificate (PTCs) issued by STAR HFC PTC TRUST March\_25 under a securitisation transaction originated by Niwas Housing Finance Private Limited (erstwhile Indostar Home Finance Private Limited) (NHFPL/Originator). NHFPL is also the servicer for the rated transaction. The PTCs are backed by a pool of home loan (HL) receivables originated by NHFPL with an aggregate principal outstanding of Rs.96.92 crore (pool receivables of Rs. 223.29 crore). 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 ratings have now been confirmed as final.

### Pool performance summary

Parameter	STAR HFC PTC TRUST March_25
Payout month	June 2025
Months post securitisation	3
Pool amortisation	4.2%
PTC Series A amortisation (as % of initial PTC Series A principal)	5.9%
Cumulative collection efficiency (%) <sup>1</sup>	99.4%
Breakeven collection efficiency (%) <sup>2</sup>	53.2%
Loss-cum-30+ days past due (dpd) (% of initial pool principal) <sup>3</sup>	0.6%
Loss-cum-90+ dpd (% of initial pool principal) <sup>4</sup>	0.0%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%
CC available (as % of balance pool principal)	3.1%
Subordination available (as % of balance pool principal)	6.7%
Excess interest spread (EIS; as % of balance pool principal)	96.7%

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

<sup>2</sup> (Balance cash flows payable to investor – CC available) / Balance pool cash flows

<sup>3</sup> POS on contracts aged 30+ dpd + Overdues / Initial POS on the pool

<sup>4</sup> POS on contracts aged 90+ dpd + Overdues / Initial POS on the pool

## 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. 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.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 3.00% of the initial pool principal, amounting to Rs. 2.91 crore, provided by the Originator, (ii) principal subordination of 5.00% of the initial pool principal for Series A1 PTCs, and (iii) the excess interest spread (EIS) of 96.02% 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 974 contracts, with top 10 borrowers forming less than 2.5% share in 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.

**No overdue contracts in the pool** - The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, none of the contracts in the pool have ever been delinquent during their loan cycle, which is a credit positive.

**Contracts backed by self-occupied residential properties** – All the contracts in the pool are backed by self-occupied residential properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

**Adequate servicing capability of the originator** - The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a demonstrated track record of ~5 years of regular collections and recovery across a wide geography.

### Credit challenges

**Exposed to interest rate risk** – The transaction is exposed to interest rate risk as the yield for majority (~99%) of the pool is floating and linked to originator's internal benchmark rate whereas the yield on the PTCs is fixed.

**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 the rating of securitisation transactions involves the simulation of potential losses, delinquencies and prepayment 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 4.75% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 6.0% 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 rating for the instrument.

## Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction name	STAR HFC PTC TRUST March_25
Originator	Niwas Housing Finance Private Limited
Servicer	Niwas Housing Finance Private Limited
Trustee	Vardhaman Trusteeship Limited
CC bank	Bandhan Bank Limited
Collection and payout account bank	Bandhan Bank Limited

## 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 would be greater than 10 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors** – Not Applicable

**Negative factors** – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), 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 rating.

## 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	<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
					Jul 18, 2025	Mar 31, 2025	-	-
1	STAR HFC PTC TRUST March_25	Series A1 PTCs	92.07	92.07	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-

### Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTCs	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

ISIN	Trust name	Instrument	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
NA	STAR HFC PTC TRUST March_25	Series A1 PTCs	March 29, 2025	8.70%	September 20, 2044	92.07	[ICRA]AAA(SO)

Source: Company

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

Not applicable

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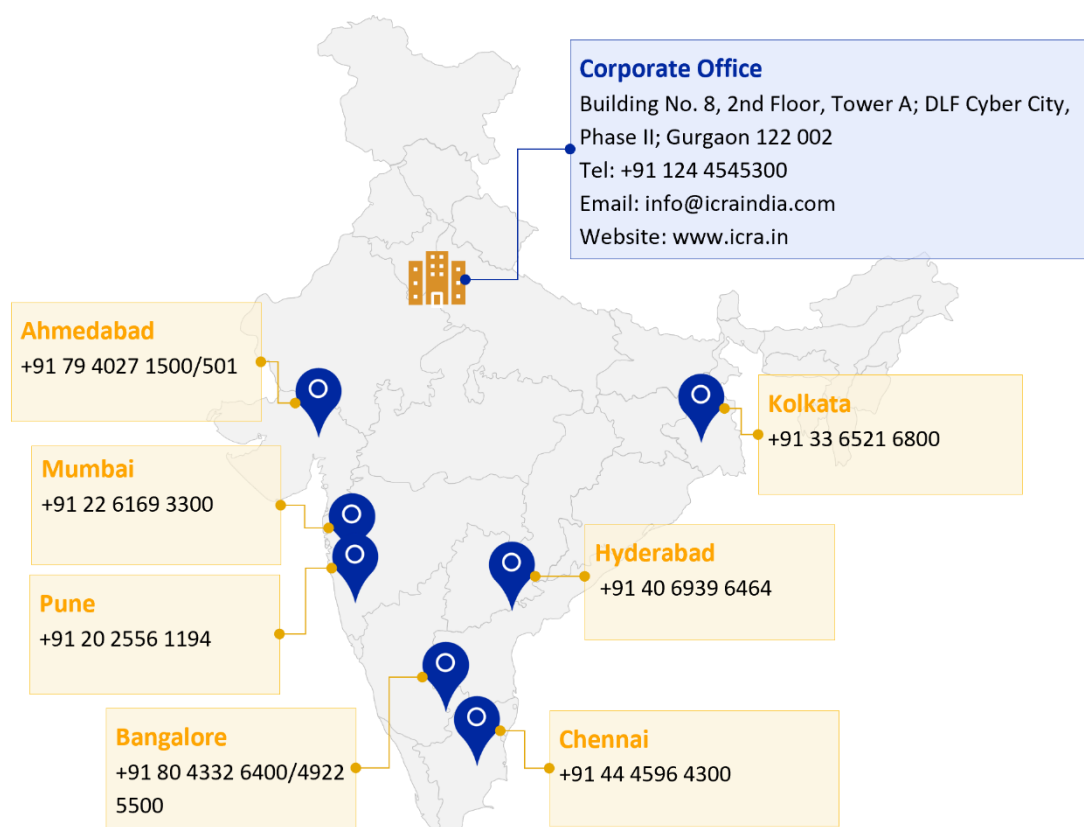


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