

August 19, 2025

## Nido Home Finance Limited: Rating reaffirmed for instruments issued under four mortgage loan securitisation transactions

### Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action
HL Trust 12	Series A1 ABS	65.05	29.91	24.27	[ICRA]AAA(SO); reaffirmed
HL Trust 14	Series A1 ABS	44.77	22.88	18.74	[ICRA]AAA(SO); reaffirmed
HL Trust 15	Series A1 ABS	56.19	25.51	19.46	[ICRA]AAA(SO); reaffirmed
HL Trust 18	Series A1 ABS	31.09	16.19	12.38	[ICRA]AAA(SO); reaffirmed

\*Instrument details are provided in Annexure I

### Rationale

The instruments are backed by housing loan (HL) receivables originated by Nido Home Finance Limited (Nido; rated [ICRA]A+ (Stable)). Nido also acts as the servicer for the transactions.

The rating reaffirmation factors in the build-up of the credit enhancement cover over the future investor payouts on account of high amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till the July 2025 payout month.

### Pool performance summary

Particulars	HL Trust 12	HL Trust 14	HL Trust 15	HL Trust 18
Payout month	July 2025	July 2025	July 2025	July 2025
Months post securitisation	40	40	39	35
Pool amortisation	56.19%	53.17%	60.07%	54.16%
Series A1/A amortisation	62.69%	58.14%	65.37%	60.19%
Cumulative collection efficiency <sup>1</sup>	96.08%	99.54%	97.01%	96.20%
Breakeven collection efficiency <sup>2</sup>	45.87%	51.55%	46.59%	50.13%
Cumulative prepayment rate	52.70%	44.36%	53.08%	50.18%
Loss-cum-90+ days past due (dpd <sup>3</sup> ; % of initial pool)	2.10%	0.60%	2.88%	4.30%
Loss-cum-180+ dpd <sup>4</sup> (% of initial pool)	2.02%	0.60%	2.69%	3.90%
Cumulative cash collateral (CC) utilisation	0.0%	0.0%	0.0%	0.0%
CC (% of balance pool)	15.92%	17.51%	21.57%	15.20%
Principal subordination (% of balance pool)	23.35%	17.75%	20.21%	21.84%
Excess interest spread (EIS <sup>5</sup> ; % of balance pool)	99.67%	62.70%	78.06%	82.84%

<sup>1</sup> (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

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

<sup>3</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal

<sup>4</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 180 days, as a % of Initial pool principal

<sup>5</sup> (Pool cash flows – Cash flows to ABS/notes investors – Originator's residual share)/Pool principal outstanding

## Transaction structure

For HL Trust 12, the monthly cash flow schedule comprises the promised interest payout and principal payout (90% of the pool principal billed). The balance principal (10%) is expected to be paid on a monthly basis until the maturity of the Series A1 asset-backed securities (ABS). Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, would be passed on as the expected yield to Series A2 ABS (subordinated tranche held by the Originator). Any prepayment in the pool would be used for the prepayment of the Series A1 ABS principal.

For HL Trust 14, the monthly cash flow schedule comprises the promised interest payout and principal payout (90% of the pool principal billed). The balance principal (10%) is expected to be paid on a monthly basis until the maturity of Series A1 ABS. Any surplus EIS, after meeting the promised and expected payouts, would be passed on as the expected yield to Series A2 ABS (subordinated tranche held by the Originator). Any prepayment in the pool would be used for the prepayment of the Series A1 ABS principal.

For HL Trust 15, the monthly cash flow schedule comprises the promised interest payout and principal payout (90% of the pool principal billed). The balance principal (10%) is expected to be paid on a monthly basis until the maturity of Series A1 ABS. Any surplus EIS, after meeting the promised and expected payouts, would be passed on as the expected yield to Series A2 ABS (subordinated tranche held by the Originator). Any prepayment in the pool would be used for the prepayment of the Series A1 ABS principal.

For HL Trust 18, the monthly cash flow schedule comprises the promised interest payout and principal payout (90% of the pool principal billed). The balance principal (10%) is expected to be paid on a monthly basis until the maturity of Series A1 ABS. Any surplus EIS, after meeting the promised and expected payouts, would be passed on as the expected yield to Series A2 ABS (subordinated tranche held by the Originator). Any prepayment in the pool would be used for the prepayment of the Series A1 ABS principal.

## Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed HL Trust 14, HL Trust 15, and HL Trust 18 basis the cash collateral (CC) mentioned in the table provided below. Based on the pools' performance, the rating for the ABS will remain unchanged even after the CC amount is reset. The CC reset shall be subject to the approval of the ABS 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)
HL Trust 14	3.99	1.95	1.23	2.76
HL Trust 15	5.26	3.85	0.85	4.41
HL Trust 18	2.41	1.76	0.39	2.02

Amount in Rs. crore

## Key rating drivers and their description

### Credit strengths

**Substantial credit enhancement available in the structure** – The rating factors in the build-up of the credit enhancement cover for all the trusts with the CC increasing to 15-21% of the balance pool principal from 8.5-10.5% at the time of securitisation. Internal credit support is also available in all the trusts through subordination of 17-23%.

**Healthy pool performance** – The performance of the pools has been strong with the cumulative collection efficiency of all the trusts exceeding 96% till the July 2025 payout month. Moreover, the breakeven collection efficiency is below the monthly collection efficiency observed in the pools. The pools have reported low to moderate delinquencies with the 90+ days past due (dpd) in the range of 2.0% to 4.5%. Further, there have been no instances of CC utilisation in the pools till date owing to the strong collection performance and the presence of EIS.

**Servicing capability of originator** – The company has adequate processes for the servicing of the loan accounts in the securitised pools. It has a track record of regular collections and recoveries across a wide geography and multiple economic cycles.

### Credit challenges

**Exposed to interest rate risk** – The pools are exposed to interest rate risk as they comprise contracts with floating rate and fixed rate loans while the yield on the securities 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 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 their tenure as per the table below. The average prepayment rate for the underlying pools is also given in the table. 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 instruments.

Transaction name	Expected loss* (% of initial pool principal)	Prepayment
HL Trust 12	2.75%	6-20% p.a.
HL Trust 14	2.00%	6-20% p.a.
HL Trust 15	3.50%	6-20% p.a.
HL Trust 18	4.50%	6-20% p.a.

\* With certain variability around it

### Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction name	HL Trust 12	HL Trust 14	HL Trust 15	HL Trust 18
Originator	Nido Home Finance Limited			
Servicer	Nido Home Finance Limited			
Trustee	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited	IDBI Trusteeship Services Limited
CC holding bank	ICICI Bank Limited	ICICI Bank Limited	ICICI Bank Limited	ICICI Bank Limited
Collection and payout account bank	ICICI Bank Limited	ICICI Bank Limited	ICICI Bank Limited	ICICI Bank Limited

## Liquidity position: Superior

The liquidity for Series A1 ABS in **HL Trust 12 and HL Trust 14** 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 HL Trust 12 as well as HL Trust 14.

For **HL Trust 15 and HL Trust 18**, the liquidity for Series A1 ABS is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be 9.50 times and 8.25 times the estimated loss for HL Trust 15 and HL Trust 18, respectively.

## 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 (Nido) could also exert pressure on the rating.

## Analytical approach

The rating action is based on the performance of the pools till March 2025 (collection 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

Nido Home Finance Limited (Nido) is a housing finance company registered with National Housing Bank. It was incorporated in FY2011 following the Group's strategy of creating a footprint in the affordable housing space. As a part of the Group's positioning exercise, the company was rechristened Nido Home Finance Limited (formerly Edelweiss Housing Finance Limited) in May 2023. In recent years, the company has realigned its strategy to focus on low-ticket home loans. Nido reported a net profit of Rs. 19 crore in FY2025 (PY: Rs. 19 crore). As on March 31, 2025, its capitalisation profile was characterised by a net worth of Rs. 828 crore, a gearing of 3.8 times and a capital adequacy ratio of 33.6%.

### Edelweiss Financial Services Limited (parent)

Incorporated in 1995, Edelweiss is a Securities and Exchange Board of India (SEBI) registered merchant banker with a presence across multiple businesses in the financial services space through its subsidiaries. Currently, the Group is engaged in retail lending, alternatives, asset management, life & general insurance, and asset reconstruction. It had an established position in the wealth management business before it unlocked the value in it by selling its controlling stake in FY2021. On a consolidated basis, Edelweiss reported a total income of Rs. 9,519 crore and a profit after tax of Rs. 222 crore in FY2024 compared to Rs. 9,602 crore and Rs. 528 crore, respectively, in FY2024. As of March 2025, the Group's capitalisation profile was characterised by a net worth of Rs. 5,918 crore and a gearing of 3 times.

### Key financial indicators

Edelweiss Financial Services Limited (consolidated)	FY2023	FY2024	FY2025
Total income	8,633	9,602	9,519
Profit after tax – Including minority interest	406	528	222
Assets under management (AUM)	17,354	14,804	12,221
Gross stage 3	62.2%	68.9%	NA
Capital-to-risk weighted assets ratio (CRAR)*	33.7%	42.0%	33.2%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

\*Considers ECL Finance Limited, Nido Home Finance Limited and Edelweiss Retail Finance Limited; AUM includes net retail, wholesale loans, purchase of credit-impaired loans, and security receipts (wherein loan was originated by Group entity)

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Trust name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years				
		Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
				Aug 19, 2025	Aug 23, 2024	Aug 30, 2023	Nov 25, 2022	Jul 21, 2022
HL Trust 12	Series A1 ABS	65.05	24.27	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)

Trust name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years					
		Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023		
				Aug 19, 2025	Aug 23, 2024	Aug 30, 2023	Nov 25, 2022	Jul 21, 2022	Apr 05, 2022
HL Trust 14	Series A1 ABS	44.77	18.74	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)

Trust name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years				
		Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
				Aug 19, 2025	Aug 23, 2024	Aug 30, 2023	Aug 05, 2022	Apr 22, 2022
HL Trust 15	Series A1 ABS	56.19	19.46	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)

Trust name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years				
		Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
				Aug 19, 2025	Aug 23, 2024	Aug 30, 2023	Nov 10, 2022	Aug 22, 2022
HL Trust 18	Series A1 ABS	31.09	12.38	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)

### Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
HL Trust 12	Series A1 ABS	Moderately Complex
HL Trust 14	Series A1 ABS	Moderately Complex
HL Trust 15	Series A1 ABS	Moderately Complex
HL Trust 18	Series A1 ABS	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	Current rated amount (Rs. crore)	Current rating
HL Trust 12	Series A1 ABS	March 25, 2022	7.75%	October 20, 2063	24.27	[ICRA]AAA(SO)
HL Trust 14	Series A1 ABS	March 31, 2022	7.75%	July 20, 2055	18.74	[ICRA]AAA(SO)
HL Trust 15	Series A1 ABS	April 20, 2022	7.85%	September 20, 2058	19.46	[ICRA]AAA(SO)
HL Trust 18	Series A1 ABS	August 18, 2022	8.50%	April 20, 2050	12.38	[ICRA]AAA(SO)

Source: Company

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

Not applicable

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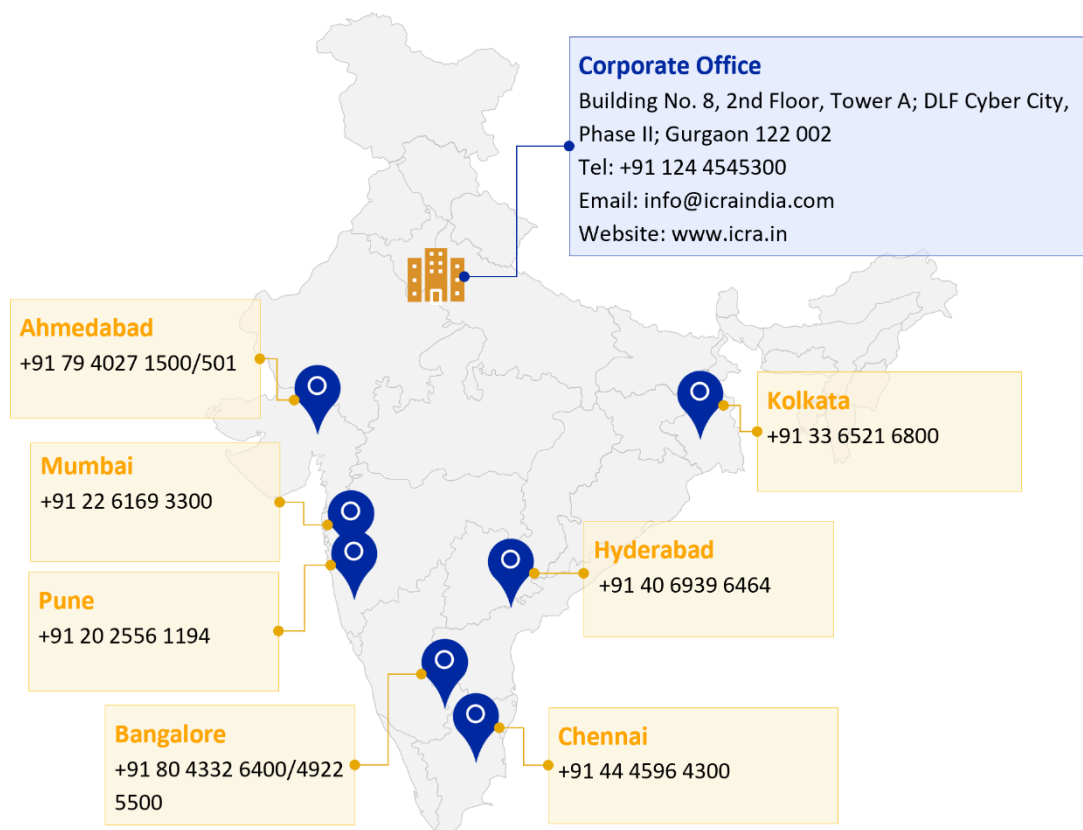


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