

September 29, 2025

Nido Home Finance Limited: Ratings reaffirmed for instruments issued under three 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 7	PTC Series A1	166.86	81.08	68.77	[ICRA]AAA(SO); reaffirmed
	PTC Series A2	3.41	3.41	3.41	[ICRA]AA+(SO); reaffirmed
HL Trust 16	Series A1 ABS	75.16	35.24	26.51	[ICRA]AAA(SO); reaffirmed
HL Trust 17	Series A1 ABS	57.91	37.55	30.41	[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 August 2025 payout month.

Pool performance summary

Particulars	HL Trust 7	HL Trust 16	HL Trust 17
Payout month	August 2025	August 2025	August 2025
Months post securitisation	48	38	38
Pool amortisation	57.6%	58.2%	42.7%
Series A1/A amortisation	58.8%	64.7%	47.5%
Cumulative collection efficiency ¹	99.2%	96.4%	98.5%
Breakeven collection efficiency ²	73.4%	47.1%	54.6%
Cumulative prepayment rate	55.0%	50.9%	33.5%
Loss-cum-90+ days past due (dpd ³ ; % of initial pool)	0.2%	2.0%	1.0%
Loss-cum-180+ dpd ⁴ (% of initial pool)	0.2%	1.6%	0.6%
Cumulative cash collateral (CC) utilisation	0.0%	0.0%	0.0%
CC (% of balance pool)	16.51%	17.28%	12.16%
Principal subordination (% of balance pool)	4.72%	24.02%	17.52%
Excess interest spread (EIS ⁵ ; % of balance pool)	32.92%	75.31%	71.09%

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

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

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

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

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

Transaction structure

For HL Trust 16 and HL Trust 17, 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 excess interest spread (EIS), after meeting the promised payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A1 ABS principal.

For HL Trust 7, the monthly cash flow schedule comprises the promised interest payout and principal payout (98% of the pool principal billed). The balance principal (2% of the pool principal billed) is expected to be paid on a monthly basis until the maturity of PTC Series A1. The additional EIS available after meeting the promised and expected payouts to PTC Series A1 is passed on as expected yield to PTC Series A2 (i.e. yield to PTC Series A2 is not promised). Following the payment of PTC Series A1 in full, the principal for PTC Series A2 will be paid on expected basis (to the extent of billed pool principal) on a monthly basis, but is promised on the final maturity date. Any prepayment in the pool would be used for the prepayment of PTC Series A1 principal till complete redemption and will then be passed on to PTC Series A2 principal.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the transaction (HL Trust 16) and the underlying pool. As per ICRA's analysis, the CC required to maintain the present rating is Rs. 2.13 crore (6.10% of balance pool principal) against the existing CC of Rs. 6.03 crore (17.28% of balance pool principal). Based on the pool's performance, the rating for the ABS will remain unchanged even after the CC amount is reset. However, as per regulatory guidelines, the maximum 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. The CC reset shall be subject to the approval of the ABS investors.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the build-up of credit enhancement for all the trusts where the cash collateral has increased to 12%-17% of the balance pool principal as compared to 8.5%-10.0% at time of securitisation. For all the trusts, the internal credit support is also available through subordination of 5-24%.

Healthy pool performance – Performance of the pools has been strong with cumulative collection efficiency for all the trusts being above 96% till August 2025 payout month and break-even collection efficiency is lower than the monthly collection efficiency observed in the pools. Pools have reported low to moderate delinquency with 90+ dpd being in the range of 0.2% to 2.0%. Further, there have been no instances of cash collateral utilisation for the pools till date owing to strong collection performance and presence of EIS.

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

Credit challenges

High obligor concentration – The pool has high obligor concentration with loans outstanding to the top three borrowers accounting for ~12% of the pool principal of the balance pool principal. The pool's performance would thus be highly exposed to the repayment patterns of the top borrowers and the company's ability to limit the slippages of such borrowers.

Exposed to interest rate risk – Exposure to interest rate risk given that the pool has contracts with floating rate and fixed rate loans, while the yield on the securities is fixed, except for HL Trust 7 for which the yield on PTC Series A1 is floating.

Risks associated with lending business – The pools performances 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 7	1.50%	6-20% p.a.
HL Trust 16	2.75%	6-20% p.a.
HL Trust 17	3.25%	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 7	HL Trust 16	HL Trust 17
Originator	Nido Home Finance Limited		
Servicer	Nido Home Finance Limited		
Trustee	IDBI Trusteeship Services Limited	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank Limited	ICICI Bank Limited	ICICI Bank Limited
Collection and payout account bank	ICICI Bank Limited	ICICI Bank Limited	ICICI Bank Limited

Liquidity position:

Superior

The liquidity for PTC Series A1 in **HL Trust 7** and Series A1 ABS in **HL Trust 16 and HL Trust 17** is superior after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be greater than 10 times the estimated loss in the pools.

Strong

For PTC Series A2 in **HL Trust 7**, the liquidity for the instrument is strong after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be ~4.50 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable for PTC Series A1 of HL Trust 7 and Series A1 ABS of HL Trust 16 and HL Trust 17.

For PTC Series A2 of HL Trust 7, the rating could be upgraded on sustained strong collection performance, leading to low delinquency levels and further build-up of the credit enhancement cover.

Negative factors – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher CE 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 July 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	Securitisation Transactions
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

S. No.	Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years			
			Initial Amount Rated (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
					Sep 29, 2025	Sep 12, 2024	Sep 22, 2023	Nov 25, 2022
1	HL Trust 7	PTC Series A1	166.86	68.77	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)
		PTC Series A2	3.41	3.41	[ICRA]AA+(SO)	[ICRA]AA+(SO)	[ICRA]AA+(SO)	[ICRA]AA+(SO)

S. No.	Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years			
			Initial Amount Rated (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
					Sep 29, 2025	Sep 12, 2024	Sep 22, 2023	Sep 26, 2022
2	HL Trust 16	Series A1 ABS	75.16	26.51	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO) Provisional [ICRA]AAA(SO)

S. No.	Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years			
			Initial Amount Rated (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
					Sep 29, 2025	Sep 12, 2024	Sep 22, 2023	Oct 31, 2022
3	HL Trust 17	Series A1 ABS	57.91	30.41	[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 7	PTC Series A1	Moderately Complex
	PTC Series A2	Moderately Complex
HL Trust 16	Series A1 ABS	Moderately Complex
HL Trust 17	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 7	PTC Series A1	August 31, 2021	9.53%*	March 20, 2050	68.77	[ICRA]AAA(SO)
	PTC Series A2		Residual	March 20, 2050	3.41	[ICRA]AA+(SO)
HL Trust 16	Series A1 ABS	May 30, 2022	8.50%	December 20, 2056	26.51	[ICRA]AAA(SO)
HL Trust 17	Series A1 ABS	July 20, 2022	8.50%	November 20, 2051	30.41	[ICRA]AAA(SO)

Source: Company; * Linked to 1-year ICICI Bank MCLR + 0.43%

Annexure II: List of entities considered for consolidated analysis

Not applicable

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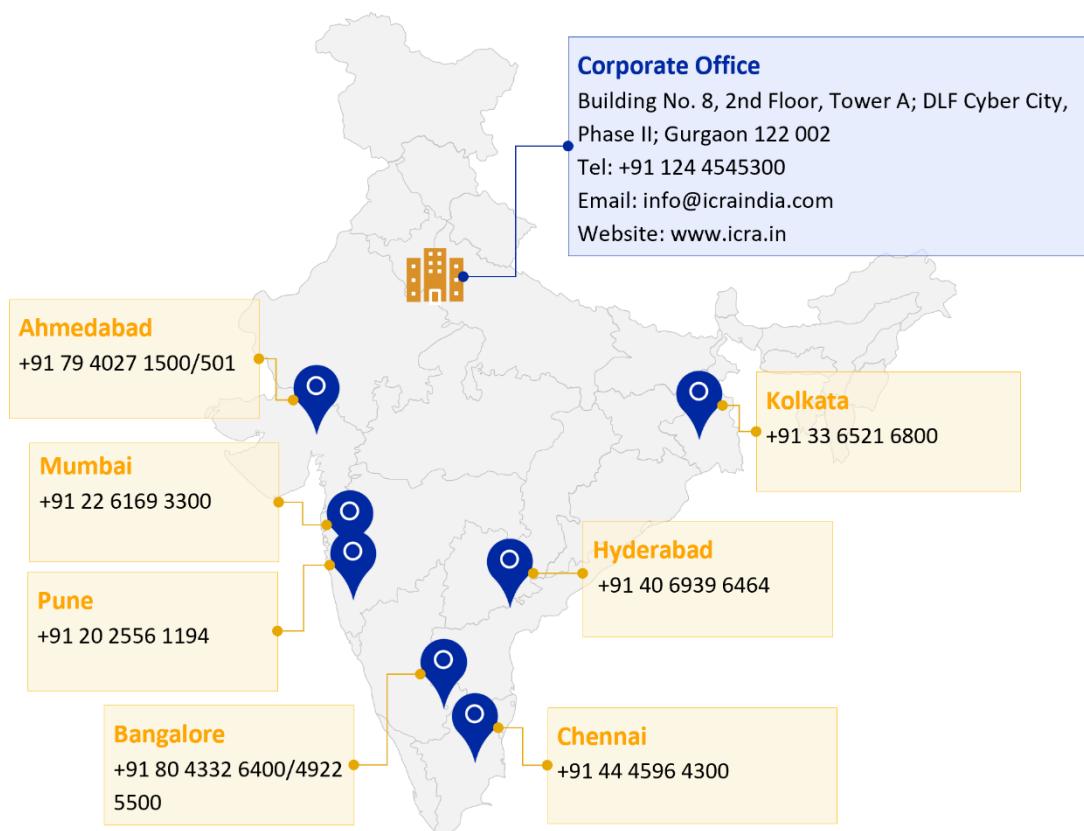
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