

December 12, 2025

Repco Home Finance Limited: Provisional ratings assigned to SNs backed by a pool of loan against property receivables (LAP) issued by Pratham 12 2025

Summary of rating action

Trust name	Instrument*	Rated amount (Rs. crore)	Rating action
Pratham 12 2025	Series A1 SNs	93.25	Provisional [ICRA]AAA(SO); Assigned
	Equity Tranche SNs	5.01	Provisional [ICRA]AA-(SO); Assigned

*Instrument details are provided in Annexure I

Rating in the absence of pending actions/documents	No ratings would have been assigned as it would not be meaningful
----------------------------------------------------	-------------------------------------------------------------------

Rationale

The securitisation notes (SNs) are backed by a pool of loan against property (LAP) receivables originated by Repco Home Finance Limited {(RHFL/Originator; rated [ICRA]AA-(Stable)/[ICRA]A1+)} with an aggregate principal outstanding of Rs. 100.27 crore (pool receivables of Rs. 181.88 crore). RHFL would be acting as the servicer for the transaction.

The provisional ratings are based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The provisional ratings are subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

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 (to the extent of 50%), after meeting the promised and expected payouts, will be used for the prepayment of Series A1 PTC principal. 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 Series A1 PTC principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 5.01 crore, to be provided by the Originator, (ii) principal subordination of 7.00% of the initial pool principal for Series A1 SNs and 2.00% of the initial pool principal for Equity Tranche SNs, and (iii) the EIS of 54.31% of the initial pool principal for both Series A1 SNs and Equity Tranche SNs.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement: The pool is granular, consisting of 1,109 contracts, with top 10 contracts forming ~6% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of subordination, cash collateral (CC) and excess interest spread (EIS) would absorb some amount of the losses in the pool and provide support in meeting the SN payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there are no overdue contracts as on the Cut-off date. Further, none of the contracts in the pool have ever been delinquent post loan disbursement, thereby reflecting the borrowers’ relatively better credit profile, which is a credit positive.

Healthy bureau score of borrowers: In the pool, ~95% of the borrowers (in terms of the principal amount outstanding on the cut-off date) have a CIBIL score of 700 and above, which reflects their relatively better credit profile.

Adequate servicing capability of the originator – The company has an established track record in the lending business with adequate underwriting policies and collection procedures across a wide geography. The company has adequate processes for servicing of the loan accounts in the securitised pools.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Tamil Nadu, Karnataka and Andhra Pradesh, contributing ~91% to the initial pool principal amount. The pool’s performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Exposed to basis risk: Yield for SNs is linked to an external benchmark (investor’s MCLR) while interest rate on the underlying loans is floating (linked to RHFL’s benchmark rate), leading to basis risk in the structure.

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 pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 3% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18% 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.

Liquidity position: Superior

The liquidity for Series A1 SNs and Equity Tranche SNs is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be 15 times the estimated loss in the pool for Series A1 SNs and for Equity Tranche SNs the total credit enhancement would be 14 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not Applicable for Series A1 SNs. For Equity Tranche - The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

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 (RHFL) could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of RHFL LAP loan portfolio till September 2025, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

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

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into final upon the execution of:

1. Trust deed
2. Assignment agreement
3. Legal opinion
4. Trustee letter
5. CA certificate for KYC due diligence
6. Any other documents executed for the transaction

Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

About the originator

RHFL was incorporated in May 2000 as a subsidiary of Repco Bank, with its corporate office in Chennai. As of June 2025, Repco Bank held a 37.1% stake in RHFL while other institutional (domestic and overseas) and retail investors held the balance. The company extends housing loans and mortgage loans to salaried and self-employed individuals. As of June 2025, it had a network of 203 branches, 31 satellite centres and 2 asset recovery branches across 12 states and 1 UT.

In FY2025, RHFL reported a net profit of Rs. 439 crore on a total asset base of Rs. 14,602 crore compared with a net profit of Rs. 395 crore on a total managed asset base of Rs. 13,701 crore in FY2024. The company reported a net profit of Rs. 108 crore on a total asset base of Rs. 14,760 crore in Q1 FY2026.

Key financial indicators

RHFL	FY2024	FY2025	Q1 FY2026
Total income	1,541	1,725	441
Profit after tax	395	439	108
Total managed assets	13,701	14,602	14,760
Gross stage 3	4.1%	3.3%	3.3%
CRAR	34.0%	37.1%	38.7%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; 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	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				December 12, 2025			
1	Pratham 12 2025	Series A1 SNs	93.25	Provisional [ICRA]AAA(SO)	-	-	-
		Equity Tranche SNs	5.01	Provisional [ICRA]AA-(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 SNs	Moderately Complex
Equity Tranche SNs	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 name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
Pratham 12 2025	Series A1 SNs	December 05, 2025	7.75%*	October 18, 2045	93.25	Provisional [ICRA]AAA(SO)
	Equity Tranche SNs		-		5.01	Provisional [ICRA]AA-(SO)

Source: Company; *Floating, linked to 1 Y MCLR of ICICI Bank

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Sagar
+91 124 454 5316
manushrees@icraindia.com

Anubhav Agrawal
+91 22 6114 3439
anubhav.agrawal@icraindia.com

Harsh Lohia
+91 22 6114 3404
harsh.lohia@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Ekta Baheti
+91 22 6114 3454
ekta.baheti@icraindia.com

RELATIONSHIP CONTACT

Mr. 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



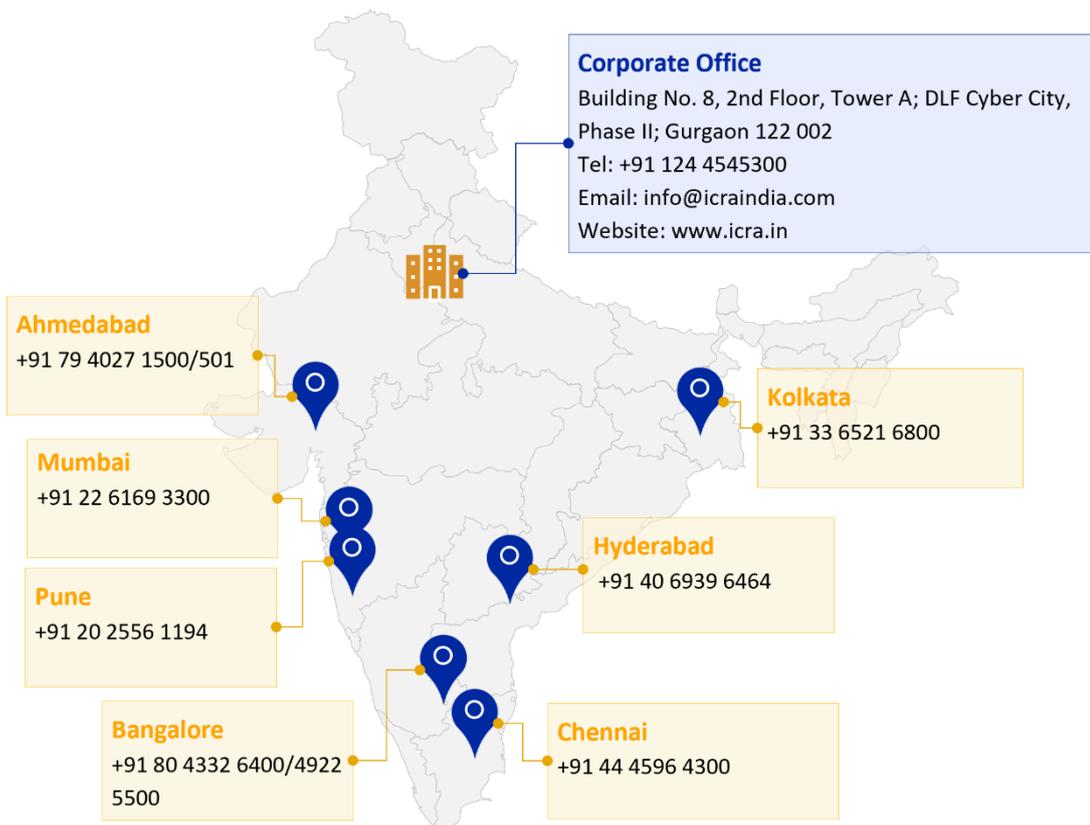
Registered Office

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.