

December 23, 2025

Nido Home Finance Limited: Rating reaffirmed for instrument issued under a mortgage loan securitisation transaction

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 26	Series A1 ABS	49.61	NA	34.86	[ICRA]AAA(SO); reaffirmed

*Instrument details are provided in Annexure I

Rationale

The instrument is 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 healthy 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 pool till November 2025 payout month.

Pool performance summary

Particulars	HL Trust 26
Payout month	November 2025
Months post securitisation	16
Pool amortisation	26.8%
Series A1/A amortisation	29.7%
Cumulative collection efficiency ¹	97.2%
Breakeven collection efficiency ²	64.3%
Cumulative prepayment rate	23.9%
Loss-cum-90+ days past due (dpd ³ ; % of initial pool)	3.4%
Cumulative cash collateral (CC) utilisation	0.0%
CC (% of balance pool)	13.7%
Principal subordination (% of balance pool)	13.7%
Excess interest spread (EIS ⁴ ; % of balance pool)	53.3%

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

Transaction structure

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 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 ABS principal.

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 with cash collateral increasing to 13.65% of the balance pool principal as compared to 10.0% at the time of securitisation. Internal credit support is also available through subordination of 13.65%.

Servicing capability of the 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.

Satisfactory pool performance – Performance of the pool has been strong with cumulative collection efficiency being above ~97% till November 2025 payout month. However, the pool would remain vulnerable to lumpy slippages given the concentration risk. The break-even collection efficiency is lower than the monthly collection efficiency observed in the pool. Pool has reported moderate delinquency with 90+ dpd at ~3.5%. Further, there have been no instances of cash collateral utilisation for the pool till date owing to strong collection performance and presence of EIS.

Credit challenges

Moderately high obligor concentration – The pool has high obligor concentration with loans outstanding to the top three borrowers accounting for ~13.5% 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 yield on securities is fixed.

Risks associated with lending business – The pool's 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 5.75% 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	HL Trust 26
Originator	Nido Home Finance Limited
Servicer	Nido Home Finance Limited
Trustee	IDBI Trusteeship Services Limited
CC holding bank	ICICI Bank Limited
Collection and payout account bank	ICICI Bank Limited

Liquidity position: Superior

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 6.75 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 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 pool till October 2025 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

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 the recent years, the company has realigned its strategy to focus on low ticket-sized home loans. Nido reported a net profit of Rs. 19 crore in FY2025 (PY: Rs. 19 crore). As of 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 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. The Group 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 profit after tax of Rs. 222 crore for FY2024 compared to Rs. 9,602 crore and Rs. 528 crore, respectively, in FY2024. As on March 2025, the Group's capitalisation profile was characterised by a net worth of Rs. 5,918 crore and gearing of 3 times.

Key financial indicators

Edelweiss Financial Services Limited (consolidated)	FY2024	FY2025	H1 FY2026
Total income	9,602	9,519	4,181
Profit after tax – Including minority interest	528	536	278
Assets under management (AUM)	14,804	12,221	12,015
Gross stage 3	68.9%	68.3	NA
Capital-to-risk asset ratio (CRAR)	NA	NA	NA

Source: Company, ICRA Research; All ratios as per ICRA's calculations; 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
					Dec 23, 2025	Dec 02, 2024	July 26, 2024	--	--
1	HL Trust 26	Series A1 ABS	49.61	34.86	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	--	--

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
HL Trust 26	Series A1 ABS	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 26	Series A1 ABS	July 22, 2024	9.10%	December 20, 2053	34.86	[ICRA]AAA(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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