

June 25, 2026

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

Summary of rating action

| Trust Name | Instrument* | Initial Rated Amount (Rs. crore) | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|-------------|----------------|----------------------------------|-----------------------------------|----------------------------------|---------------------------|
| HL Trust 25 | Series A1 ABS | 52.18 | 36.62 | 25.22 | [ICRA]AAA(SO); reaffirmed |
| ML Trust 5 | Series A Notes | 243.56 | 92.50 | 71.98 | [ICRA]AAA(SO); reaffirmed |

*Instrument details are provided in Annexure II

Rationale

The asset-backed securities (ABS) are backed by home loan (HL) receivables originated by Nido Home Finance Limited {Nido; rated [\[ICRA\]A+](#); Rating Watch with developing implications/Originator}. Nido is also the servicer for both the rated transactions.

The rating reaffirmation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of high amortisation and healthy pool performance for both the transactions. 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 the May 2026 payout month.

Pool performance summary

| Parameter | HL Trust 25 | ML Trust 5 |
|--------------------------------------------------------------------------------|-------------|------------|
| Payout month | May 2026 | May 2026 |
| Months post securitisation | 25 | 49 |
| Pool amortisation | 46.5% | 66.9% |
| Series A1 ABS amortisation | 51.7% | 70.4% |
| Cumulative collection efficiency ¹ | 97.5% | 99.0% |
| Loss cum 0+ days past due (dpd; % of initial pool principal) ² | 7.6% | 4.1% |
| Loss-cum-30+ dpd (% of initial pool principal) ³ | 4.2% | 2.5% |
| Loss-cum-90+ dpd (% of initial pool principal) ⁴ | 1.9% | 0.7% |
| Breakeven collection efficiency ⁵ for Series A1 ABS | 56.7% | 49.9% |
| Cumulative cash collateral (CC) utilisation (% of initial CC) | 0.0% | 0.0% |
| CC (as % of balance pool principal) | 18.7% | 37.8% |
| Subordination (as % of balance pool principal) | 18.7% | -- |
| Excess interest spread (EIS; as % of balance pool): Series A1 ABS ⁶ | 55.9% | 50.9% |
| Cumulative prepayment rate | 42.1% | 74.0% |

¹ (Cumulative current and overdue collections till date)/(Cumulative billing till date)

² Inclusive of unbilled and overdue principal portion of contracts delinquent, as a % of Initial pool principal

³ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

⁴ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

⁵ Breakeven collection efficiency = Balance ABS cash flows – Cash collateral available/Balance pool cash flows

⁶ (Balance pool cash flows – Balance cash flows to ABS – Originator's residual share)/Pool principal outstanding

Transaction structure

HL Trust 25

As per the transaction structure, the monthly promised cash flows for Series A1 ABS comprises the payment of the scheduled principal amount and the interest payment at the predetermined interest rate on the Series A1 ABS principal outstanding. The surplus, in relation to the principal portion of the pool receivables along with the prepayment amount, would be used for the payment of Series A1 for faster amortisation. Following the payment of Series A1 ABS in full, the principal to Series A2 ABS is to be paid on an expected basis (to the extent of the billed pool principal) on a monthly basis. The yield on Series A2 ABS is in the form of the EIS in the structure. The surplus EIS available, after meeting the promised and expected payouts to Series A1 ABS, will be passed on as the expected yield to Series A2 ABS.

ML Trust 5

As per the transaction structure, the promised monthly cash flow schedule comprises the interest payments to the Series A Notes at the predetermined interest rate on the principal outstanding. The principal repayment to the Series A Notes is promised on the final maturity date. The monthly principal repayment to the Series A Notes is not promised but is expected to be paid to the extent of the billing. The expected principal amounts would include the scheduled principal repayment from the pool, the actual prepayments received from the pool and a minimum of 1% of the prepayments either received from the pool or met through the EIS. If the prepayments are less than 1% on any given payout date, the EIS will be utilised to pay the principal which is equivalent to 1% minus the actual prepayment rate multiplied by the principal outstanding of the preceding month. The EIS available after meeting the promised and expected payments, as given above, is likely to flow back to the originator on a monthly basis.

Reset of Credit Enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the pools, basis the cash collateral (CC) mentioned in the table provided below. Based on the pools' performance, the current rating for the PTCs will remain unchanged even after the CC amount is reset. The CC reset shall be subject to the approval of the PTCs investors. However, as per regulatory guidelines, the amount of CC that can be released would be restricted to 60% for HL trust 25 and at 50% ML trust 5 of the difference between the current CC amount and the revised CC amount allowed by ICRA.

| Transaction Name | Current Outstanding [A] | CC Required as per ICRA Maintaining Present Rating [B] | CC that can be Released [C]= 60%*(A - B) | Revised CC Limit [D] = (A - C) |
|------------------|-------------------------|--------------------------------------------------------|------------------------------------------|--------------------------------|
| HL Trust 25 | 5.80 | 3.48 | 1.39 | 4.41 |
| ML Trust 5 | 30.45 | 15.22 | 9.13 | 21.31 |

Amount in Rs. crore

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structures - The rating factors in the build-up of credit enhancement for both the trusts with CC increased in the range of 18-38% of the balance pool principal after the May 2026 payout month from 10-12.5% at the time of securitisation. Further, internal credit support is also available through subordination of 18.7% for HL Trust 25.

Healthy pool performance – Performance of both the pools has been strong with cumulative collection efficiency for the trusts staying above 97% till May 2025 payout month and break-even collection efficiency is comfortably lower than the monthly collection efficiency observed in the pool. The loss cum 90+ dpd is relatively lower for ML Trust 5 at 0.7% and for HL trust it stood at 1.9%. Further, there have been no instances of cash collateral utilisation for both the pools till date owing to strong collection performance and the presence of EIS.

Adequate servicing capability of Nido – The company has an established track record of more than a decade in the mortgage loan business with adequate underwriting policies and collection procedures across a wide geography. It has a satisfactory process for servicing the loan accounts in the securitised pool.

Credit challenges

Exposed to interest rate risk – The pools are exposed to interest rate risk as they have all contracts with floating and fixed rate loans, while the yield on securities is fixed, except ML Trust 5 for which the yield on Series A Notes is floating.

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 mortgage-backed securitisation (MBS) transactions involves the simulation of potential delinquencies, losses (shortfall in principal collection during the balance tenor of the pool) and prepayments in the pool. The assumptions for the loss and the coefficient of variation (CoV) are arrived at after taking into account the past performance of the originator’s portfolio and rated pools as well as the performance and characteristics of the specific pool being evaluated. Additionally, the assumptions may be adjusted to factor in the current operating environment and any industry-specific factors that ICRA believes could impact the performance of the underlying pool of contracts.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during their tenure 6.50% for HL Trust 25 and 4.50% for ML Trust 5. The average prepayment rate for the underlying pools is modelled in the range of 6.0% to 20.0%. 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 transaction are as follows:

| Transaction Name | HL Trust 25 | ML Trust 5 |
|------------------------------------|-----------------------------------|------------------------------|
| Originator | Nido Home Finance Limited | Nido Home Finance Limited |
| Servicer | Nido Home Finance Limited | Nido Home Finance Limited |
| Trustee | IDBI Trusteeship Services Limited | Catalyst Trusteeship Limited |
| CC bank | IDBI Bank Limited | DBS Bank India Ltd. |
| Collection and payout account bank | ICICI Bank Limited | DBS Bank India Limited |

Liquidity position: Superior

The liquidity for the instruments 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 pools.

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, could 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 performance of the pools till the May 2026 payout month (April 2026 collection month), the present delinquency profile of the pool, the credit enhancement available in the transaction, and the performance expected over the balance tenure of the pool.

| Analytical Approach | Comments |
|---------------------------------|--------------------------------------------------------------------|
| Applicable rating methodologies | Rating Methodology for 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-sized home loans. Nido reported a net profit of Rs. 23 crore in FY2026. As of March 31, 2026, its capitalisation profile was characterised by a net worth of Rs. 853 crore, a gearing of 4.49 times and a capital adequacy ratio of 28.80%.

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. 10,865 crore and profit after tax of Rs. 680 crore for FY2026 compared to Rs. 9,519 crore and Rs. 536 crore, respectively, in FY2025. As on March 2026, the Group's capitalisation profile was characterised by a net worth of Rs. 5,944 crore and gearing of 3 times.

Key financial indicators

| Edelweiss Financial Services Limited (consolidated) | FY2024 | FY2025 | FY2026 |
|-------------------------------------------------------|--------|--------|--------|
| Total income | 9,602 | 9,519 | 10,865 |
| Profit after tax – Including minority interest | 528 | 536 | 680 |
| Assets under management (AUM) | 14,804 | 12,221 | 10,986 |
| 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; MI – Minority interest; AUM includes net retail loans, wholesale loans, purchase of credit impaired loans, and security receipts (wherein loans were 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 | Current Rating (FY2027) | | | Chronology of Rating History for the Past 3 Years | | | |
|-------------|-------------------------|----------------------------------|----------------------------------|---------------------------------------------------|-------------------------|-------------------------|---------------------------|
| | Instrument | Initial Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Date & Rating in FY2027 | Date & Rating in FY2026 | Date & Rating in FY2025 | Date & Rating in FY2024 |
| | | | | Jun 25, 2026 | Jun 20, 2025 | Jun 21, 2024 | Apr 24, 2024 |
| HL Trust 25 | Series A1 ABS | 52.18 | 25.22 | [ICRA]AAA(SO) | [ICRA]AAA(SO) | [ICRA]AAA(SO) | Provisional [ICRA]AAA(SO) |

| Trust Name | Current Rating (FY2027) | | | Chronology of Rating History for the Past 3 Years | | | |
|------------|-------------------------|----------------------------------|----------------------------------|---------------------------------------------------|-------------------------|-------------------------|-------------------------|
| | Instrument | Initial Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Date & Rating in FY2027 | Date & Rating in FY2026 | Date & Rating in FY2025 | Date & Rating in FY2024 |
| | | | | Jun 25, 2026 | Jun 20, 2025 | Aug 23, 2024 | Aug 30, 2023 |
| ML Trust 5 | Series A Notes | 243.56 | 71.98 | [ICRA]AAA(SO) | [ICRA]AAA(SO) | [ICRA]AAA(SO) | [ICRA]AAA(SO) |

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Instrument | FSR |
|---------|------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| 1 | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities) | SEBI |
| 2 | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities) | MCA |
| 3 | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | SEBI |
| 4 | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | SEBI |
| 5 | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | RBI |
| 6 | Listed Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 7 | Unlisted Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 8 | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)) | RBI |
| 9 | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI |
| 10 | Certificates of Deposit | RBI |
| 11 | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs | RBI |
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs | MCA |
| 13 | Inter Corporate Deposits/Loans extended by Corporates | MCA |
| 14 | Listed Security Receipts | SEBI |
| 15 | Unlisted Security Receipts | RBI |
| 16 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | Investor-side Regulator such as IRDAI, PFRDA (%) |

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Activity Name | FSR |
|---------|-----------------------------------------------------------------------------------|------|
| 1 | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs) | SEBI |
| 2 | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs | SEBI |

| | | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------|------|
| 3 | Independent Credit Evaluation (ICE) | RBI |
| 4 | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs) | RBI |
| 5 | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities)) | SEBI |
| 6 | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities)) | MCA |
| 7 | Credit Rating of Borrowing programme | (@) |
| 8 | Issuer Ratings | (#) |
| 9 | Monitoring Agency | SEBI |
| 10 | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA |

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instrument

| Trust Name | Instrument | Complexity Indicator |
|-------------|----------------|----------------------|
| HL Trust 25 | Series A1 ABS | Highly Complex |
| ML Trust 5 | Series A Notes | 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 II: Instrument details

| Trust Name | Instrument Type | Date of Issuance | Coupon Rate (p.a.p.m.) | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook |
|--------------------|-----------------|------------------|------------------------|----------------|--------------------------|----------------------------|
| HL Trust 25 | Series A1 ABS | April 30, 2024 | 9.10% | April 20, 2057 | 25.22 | [ICRA]AAA(SO) |
| ML Trust 5 | Series A Notes | May 19,2022 | 9.11%* | March 25,2042 | 71.98 | [ICRA]AAA(SO) |

Source: Company *linked to repo rate plus spread of 3.61%

Annexure III: List of entities considered for consolidated analysis

Not applicable

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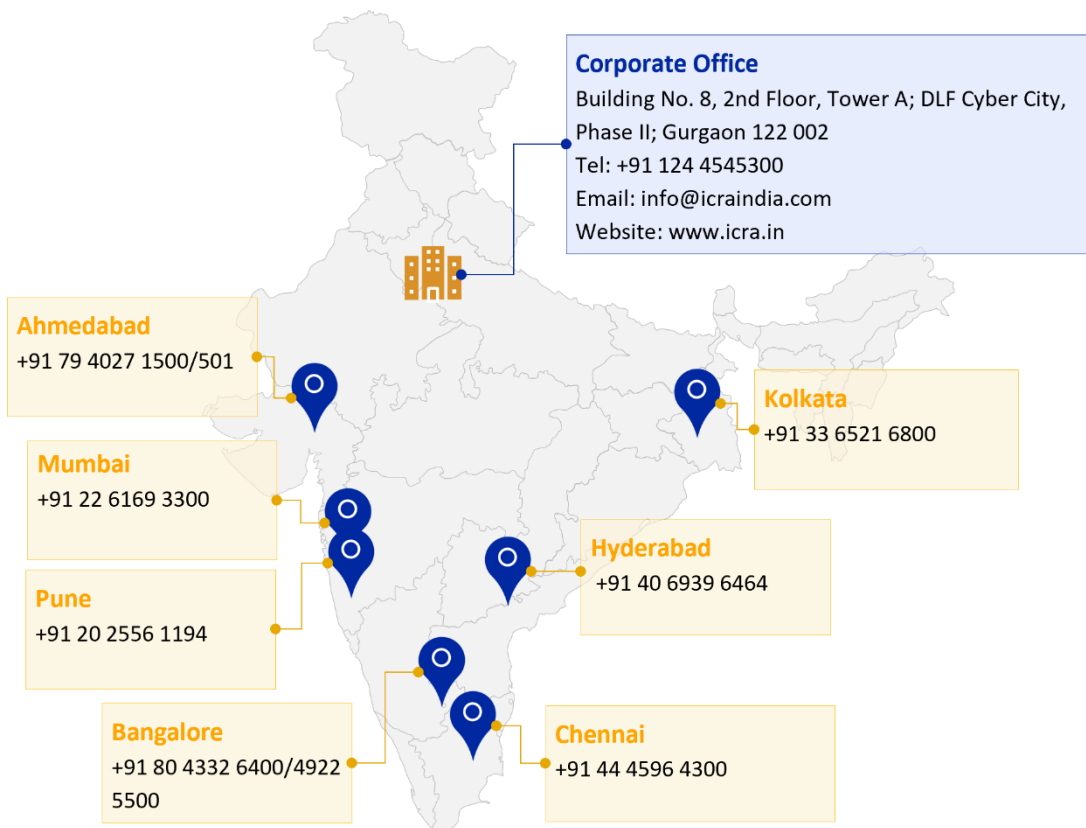
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