July 24, 2026

Niwas Housing Finance Limited: Rating reaffirmed for PTCs backed by HL receivables 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	Financial sector regulator#
Star HFC PTC TRUST March_25	Series A1 PTCs	92.07	NA	67.86	[ICRA]AAA(SO); Reaffirmed	RBI

**Instrument details are provided in Annexure I*

#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.

Rationale

The pass-through certificates (PTCs) are backed by HL receivables originated by Niwas Housing Finance Private Limited (NHFPL/Originator). NHFPL would be the servicer for the transaction.

The rating reaffirmation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of moderate amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is comfortably lower compared to the actual collection level observed in the pool till the June 2026 payout month.

Pool Performance Summary

Parameter	Star HFC PTC TRUST March_25
Payout month	June 2026
Months post securitisation	15
Pool amortisation	17.90%
Series A1 PTCs amortisation	26.30%
Cumulative collection efficiency[1]	99.14%
Cumulative prepayment rate	13.73%
Loss-cum-0+ dpd[2]	4.41%
Loss-cum-30+ dpd[3]	2.95%
Loss-cum-90+ dpd[4]	0.60%
Cumulative cash collateral (CC) utilisation	0.00%

[1] *Cumulative collections including advances / (Cumulative billings + Opening overdue at the time of securitisation*
[2] *Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation*
[3] *Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation*
[4] *Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation*

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 contractually promised on the final maturity date. The residual cash flow from the pool, after meeting the promised and expected payouts, will be utilised for the prepayment of Series A1 PTC principal. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

Key rating drivers and their description

Credit strengths

Build-up of Credit enhancement – The rating factors in the build-up in the credit enhancement with cash collateral increasing to 3.65% of the balance pool principal compared to 3.00% at time of securitisation while subordination increasing to ~15.00% compared to 5.00% initially. Internal credit support is also available through scheduled EIS of ~96% for the transaction.

Healthy pool performance –Performance of the pool has been strong with cumulative collection efficiency of ~99% as on June 2026 payout month which has resulted in low delinquencies in the pool with the 90+ days past due (dpd) below 1%. The break-even collection efficiency has also declined to ~47%. Further, there have been no instances of cash collateral utilisation for the pool till date owing to strong collection performance and the presence of EIS.

Adequate servicing capability of the originator - The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a demonstrated history of ~10 years in the housing finance business with regular collections and recovery across a wide geography.

Credit challenges

Exposed to interest rate risk – The transaction is exposed to interest rate risk as the underlying pool comprise loans with floating interest rate linked to the originator's internal benchmark rate whereas the yield on the PTCs is fixed.

Risks associated with lending business – The pool 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 prepayment 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 5.00% of initial pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 8.0% to 24.0% 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 transaction are as follows:

Transaction name	Star HFC PTC TRUST March_25
Originator	Niwas Housing Finance Private Limited
Servicer	
Trustee	Vardhaman Trusteeship Limited
Cash collateral holding Bank	Bandhan Bank Limited
Collection and payout account Bank	Bandhan Bank Limited

Liquidity position: Superior

The liquidity for Series A1 PTC is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is more than 16 times the estimated loss for the pool.

Rating sensitivities

Positive Factors: Not Applicable

Negative Factors: The rating could be downgraded based on sustained weak collection performance of the underlying pool leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels. Weakening in the credit profile of the servicer (NHFL) could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pool till May 2026 (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

Niwas Housing Finance Limited (Niwas) (formerly known as 'Indostar Home Finance Private Limited') is a housing finance company and wholly owned subsidiary of IndoStar Capital Finance Limited (Indostar). In FY2025, WITKOPEEND B.V., an affiliate of BPEA EQT Mid-Market Growth Partnership (EQT) – global private equity investor acquired 100% stake in Niwas.

Niwas offers housing loans with a focus on the affordable housing segment, with ticket sizes ranging from Rs. 5 to Rs. 30 lakh for home loan and Rs 3-15 lakh for LAP with tenures of upto 20 years. The company operates through a network of 191 branches, though its presence remains concentrated in southern states such as Tamil Nadu, Andhra Pradesh, and Maharashtra, which collectively account for 80% of AUM as of Mar 2026. The customer profile is largely having an even split between self-employed (50%) and salaried segments (50%). Herein the company has presence through direct and indirect channels.

As of March 31, 2026, Niwas Housing's AUM stood at Rs. 4,138 crore (Rs. 3,091 crore in March 2025). In FY2026, the company reported a net profit of Rs. 87 crore on total managed asset base of about Rs. 3,341 crore compared to a net profit of Rs. 68 crore on total managed asset base of Rs. 2,487 crore.

Key financial indicators (Audited)

Particular	FY2024(audited)	FY2025(audited)	FY2026 (audited)
Total revenue (Rs. Cr)	290	409	561
PAT (Rs. Cr.)	44	69	87
Gross Loan Book (Rs. Cr.)	2,269	3,091	3,341
Gross Stage 3 (%)	1.1%	1.35%	1.30%
CRAR (%)	57.4%	49.94%	64.71%

Source: Company, ICRA Research; Amount in Rs. Crore;

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 Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024
				Jul 24, 2026	Jul 18, 2025	Mar 31, 2025	-
Star HFC PTC TRUST March_25	Series A1 PTCs	92.07	67.86	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
Star HFC PTC TRUST March_25	**Series A1 PTCs**	Highly 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 Amount Rated (Rs. crore)	Current Rating	Financial sector regulator*
Star HFC PTC TRUST March_25	Series A1 PTCs	Mar 28, 2025	8.70%	Sep 20, 2044	67.86	[ICRA]AAA(SO)	RBI

Source: Company;

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Annexure II: List of entities considered for consolidated analysis

Not Applicable

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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.

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