July 23, 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	Financial Sector Regulator#
HL Trust 7	PTC Series A1	166.86	68.77	59.86	[ICRA]AAA(SO); reaffirmed	RBI
	PTC Series A2	3.41	3.41	3.41	[ICRA]AA+(SO); reaffirmed	RBI
HL Trust 16	Series A1 ABS	75.16	26.51	21.13	[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 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}[1]. 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 June 2026 payout month.

Pool performance summary

Parameter	HL Trust 7	HL Trust 16
Payout month	June 2026	June 2026
Months post securitisation	58	48
Pool amortisation	62.8%	64.7%
Series A1 ABS amortisation	64.1%	71.9%
Cumulative collection efficiency[2]	99.3%	96.2%
Loss cum 0+ days past due (dpd; % of initial pool principal)[3]	1.7%	6.4%
Loss-cum-30+ dpd (% of initial pool principal)[4]	1.1%	4.0%
Loss-cum-90+ dpd (% of initial pool principal)[5]	0.3%	1.9%
Breakeven collection efficiency[6] for Series A1 ABS	67.3%	39.9%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%	0.0%
CC (as % of balance pool principal)	18.83%	20.44%
Subordination (as % of balance pool principal)	5.38%	28.40%

[1]The current rating rationale of the originator, available at this link, provides its detailed rating history and rating transitions
[2](Cumulative current and overdue collections till date)/(Cumulative billing till date)
[3] Inclusive of unbilled and overdue principal portion of contracts delinquent, as a % of Initial pool principal
[4] Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal
[5] Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal
[6] Breakeven collection efficiency = Balance ABS cash flows – Cash collateral available/Balance pool cash flows

Parameter	HL Trust 7	HL Trust 16
Excess interest spread (EIS; as % of balance pool): Series A1 ABS[7]	37.93%	75.50%
Cumulative prepayment rate	60.7%	55.6%

Transaction structure

HL Trust 7

As per the transaction structure, the monthly promised cash flows for PTC Series A1 comprises payment of 98% of the billed pool principal and the interest payment at the predetermined interest rate on the PTC Series A1 principal outstanding. Further, 2% of the billed pool principal is paid on an expected basis to the PTC Series A1. The additional EIS available after meeting the promised and expected pay-outs to the PTC Series A1 is passed on as an expected yield to the PTC Series A2. Following payment of the PTC Series A1 in full, the principal to the PTC Series A2 will be paid on an expected basis (to the extent of billed pool principal) on a monthly basis. The yield on PTC Series A2 is in the form of EIS in the structure. For PTC Series A2, yield is on an expected basis and not promised. Further, principal to PTC Series A2 is promised on final maturity date for the transaction.

HL Trust 16

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.

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 7 and HL trust 16, of the difference between the current CC amount and the revised CC amount allowed by ICRA.

Transaction Name	Current CC Outstanding [A]	CC Required as per ICRA for Maintaining Present Rating [B]	CC that can be Released [C]= 60%*(A - B)	Revised CC Limit [D] = (A - C)
HL Trust 7	11.92	5.96	3.57	8.34
HL Trust 16	6.03	1.77	2.55	3.48

Amount in Rs. crore

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

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 18%-21% 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 June 2026 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 0.1% to 1.7%. 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 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.

Credit challenges

High obligor concentration – The pool has high obligor concentration with loans outstanding to the top three borrowers accounting for ~7% 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 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 3.75% for HL Trust 7 and 6.75% for HL Trust 16. 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 7	HL Trust 16
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	ICICI Bank Limited	ICICI Bank Limited
Collection and payout account bank	ICICI Bank Limited	ICICI Bank Limited

Liquidity position:

PTC Series A1 of HL Trust 7 and Series A1 ABS of HL Trust 16: Superior

The liquidity for the instruments 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.

PTC Series A2 of HL Trust 7: Strong

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 ~5.00 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

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 the June 2026 payout month (May 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

S. No.	Trust Name	Current Rating (FY2027)				Chronology of Rating History for the Past 3 Years		
		Instrument	Initial Amount Rated (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024
					Jul 23, 2026	Sep 29, 2025	Sep 12, 2024	Sep 22, 2023
1	HL Trust 7	PTC Series A1	166.86	59.86	[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	Current Rating (FY2027) Instrument	Initial Amount Rated (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2027	Chronology of Rating History for the Past 3 Years: Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024
					Jul 23, 2025	Sep 29, 2025	Sep 12, 2024	Sep 22, 2023
2	**HL Trust 16**	Series A1 ABS	75.16	21.13	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
HL Trust 7	PTC Series A1	Highly Complex
	PTC Series A2	Highly Complex
HL Trust 16	Series A1 ABS	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 Type	Date of Issuance	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook	Financial Sector Regulator#
HL Trust 7	PTC Series A1	August 31, 2021	8.78%*	March 20, 2050	59.86	[ICRA]AAA(SO)	RBI
	PTC Series A2		Residual	March 20, 2050	3.41	[ICRA]AA+(SO)	RBI
HL Trust 16	Series A1 ABS	May 30, 2022	8.50%	December 20, 2056	21.13	[ICRA]AAA(SO)	RBI

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

Annexure II: List of entities considered for consolidated analysis

Not applicable

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