

January 31, 2025

Piramal Capital & Housing Finance Limited: Ratings reaffirmed for purchaser payouts and PTCs issued under five mortgage loan securitisation transactions

Summary of rating action

Trust name*	Instrument [^]	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Amount O/s after Dec-24 payout (Rs. crore)	Rating action
DHFL Mortgage Loan Pool D.A. Feb-12	Purchaser payouts	431.84	22.34	14.65	[ICRA]AAA(SO); reaffirmed
DHFL Mortgage Loan Pool D.A. Feb-12 II	Purchaser payouts	239.00	9.71	6.48	[ICRA]AAA(SO); reaffirmed
Nirmaan RMBS Trust Series I 2013	PTC Series A2	33.10	28.58	21.77	[ICRA]AAA(SO); reaffirmed
NIRMAAN RMBS TRUST - SERIES I - 2017	PTC Series A	313.64	45.70	30.41	[ICRA]AAA(SO); reaffirmed
NIRMAAN RMBS TRUST - SERIES II - 2017	Second loss facility (SLF)	16.47	16.47	16.47	[ICRA]AA+(SO); reaffirmed
	PTC Series A	240.39	58.97	49.36	[ICRA]AAA(SO); reaffirmed

*The five transactions/trusts have been referred as D.A. Feb-12, D.A. Feb-12 II, Nirmaan I 2013, Nirmaan I 2017 and Nirmaan II 2017 in this release

[^]Instrument details are provided in Annexure I

Rationale

The purchaser payouts and pass-through certificates (PTCs) are backed by mortgage loan receivables originated by erstwhile Dewan Housing Finance Corporation Ltd., which was acquired by Piramal Capital & Housing Finance Limited (PCHFL). PCHFL is the servicer for the D.A. Feb-12, D.A. Feb-12 II, and Nirmaan I 2017 transactions while ICICI Bank is the servicer for the Nirmaan I 2013 and Nirmaan II 2017 transactions.

The ratings reaffirmation factors in the build-up of the credit enhancement cover over the future payouts on account of high amortisation and healthy performance of the pools. The ratings also draw comfort from the fact that the breakeven collection efficiency is comfortably lower than the actual collection level observed in the pools till the December 2024 payout month.

Pool performance summary

Parameter	D.A. Feb-12	D.A. Feb-12 II	Nirmaan I 2013	Nirmaan I 2017	Nirmaan II 2017
Payout month	December 2024	December 2024	December 2024	December 2024	December 2024
Months post securitisation	155	154	141	93	93
Pool amortisation (as % of initial pool principal)	96.61%	97.29%	93.25%	89.44%	79.15%
Last 3 months average monthly collection efficiency ¹	95.76%	96.85%	97.47%	98.62%	91.99%
Cumulative collection efficiency ²	98.20%	98.87%	99.56%	98.59%	97.83%
Loss-cum-90+ dpd ³ (% of initial pool)	0.31%	0.20%	0.51%	1.91%	2.53%

¹ Average of (Total current and overdue collections for the month as a % of Total billing for the month) for 3 months

² (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdue at the start of the transaction)

³ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

Parameter	D.A. Feb-12	D.A. Feb-12 II	Nirmaan I 2013	Nirmaan I 2017	Nirmaan II 2017
Loss-cum-180+ dpd ⁴ (% of initial pool)	0.26%	0.15%	0.48%	1.74%	2.23%
Cumulative cash collateral (CC) utilisation	0.00%	0.00%	0.00%	0.00%	0.00%
Breakeven collection efficiency ⁵ for PTC Series A	35.85%	19.30%	47.73%	23.82%	71.90%
CC (% of balance pool)	135.81%	155.54%	64.55%	96.82%	23.99%
Excess interest spread (EIS) (% of balance pool) for PTC Series A ⁶	7.27%	16.68%	22.19%	80.45%	24.63%

Transaction structure

For Nirmaan I 2013 – PTC Series A2

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. 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 PTC Series A principal.

For all other transactions

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (100% of the pool principal billed). Any surplus EIS, after meeting the promised payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of PTC Series A principal.

Key rating drivers and their description

Credit strengths

Adequate servicing capability of originator – PCHFL has an established track record in the lending business with adequate underwriting policies and collection procedures across a wide geography. It has suitable processes for servicing the loan accounts in the securitised pools. For the Nirmaan I 2013 and Nirmaan II 2017 transactions, the servicer (ICICI Bank) has an established track record in the lending business. It has established systems for collections and recoveries across a wide geography.

Build-up in credit enhancement – The ratings factor in the build-up in the credit enhancement cover for all the transactions.

Healthy pool performance – The performance of the pools has been healthy with a cumulative collection efficiency of ~98% till the December 2024 payout month. This has resulted in low delinquencies in the pools with low levels of 90+ days past due (dpd) for D.A. Feb-12, D.A. Feb-12 II, Nirmaan I 2013 and moderate 90+ dpd for Nirmaan I 2017 and Nirmaan II 2017. Further, there have been no instances of cash collateral utilisation till date owing to the strong collection performance and the presence of EIS in the transactions.

⁴ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 180 days, as a % of Initial pool principal

⁵ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

⁶ (Pool cash flows – Cash flows to PTC A)/Pool principal outstanding

Credit challenges

Exposed to basis risk – The yield for the pools (except D.A. Feb-12 II) is linked to an external benchmark while the interest rate on the underlying loans is linked to PCHFL’s lending rate, leading to basis risk in the structure. For the Nirmaan I 2017 transaction, the PTC yield is fixed while the interest rate on the underlying loans is linked to PCHFL’s lending rate, leading to interest risk in the structure.

Risk 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 pools, ICRA has estimated the shortfall in principal collection and prepayments during the tenure as provided in the following table.

Transaction name	Estimated shortfall (% of initial pool principal)	Prepayment (p.a.)
DHFL Mortgage Loan Pool D.A. Feb-12	7.25%	4.8% - 18.0%
DHFL Mortgage Loan Pool D.A. Feb-12 II	7.00%	4.8% - 18.0%
Nirmaan RMBS Trust Series I 2013	6.75%	4.8% - 18.0%
Nirmaan RMBS Trust Series I 2017	11.75%	4.8% - 18.0%
Nirmaan RMBS Trust Series II 2017	8.75%	4.8% - 18.0%

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 ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction name	DHFL Mortgage Loan Pool D.A. Feb-12	DHFL Mortgage Loan Pool D.A. Feb-12 II	Nirmaan RMBS Trust Series I 2013	Nirmaan RMBS Trust Series I 2017	Nirmaan RMBS Trust Series II 2017
Originator*			PCHFL		
Servicer	PCHFL	PCHFL	ICICI Bank	PCHFL	ICICI Bank
Trustee	Vistra Trusteeship		IDBI Trusteeship Services Limited		
CC holding bank	HDFC Bank	SBI	ICICI Bank	IDFC First Bank	ICICI Bank
Collection and payout account bank	HDFC Bank	SBI	ICICI Bank	IDFC First Bank	ICICI Bank

*Loans initially originated by DHFL

Liquidity position

For purchaser payouts of D.A. Feb-12 and D.A. Feb-12 II, PTC Series A of Nirmaan I 2017, and PTC Series A2 of Nirmaan I 2013: Superior

The liquidity for the above-mentioned transactions is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is above 11 times the estimated loss in the pools.

For PTC Series A of Nirmaan II 2017: Strong

The liquidity for PTC Series A of Nirmaan II 2017 is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is over 4 times the estimated loss in the pool.

For SLF of Nirmaan I 2017: Superior

The liquidity for the second loss facility (SLF) is superior after factoring in the first loss facility (FLF) available for the top-up of the SLF, if needed, as per the defined waterfall mechanism.

Rating sensitivities

Positive factors –

For SLF of Nirmaan I 2017 – The rating could be upgraded on the sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and on an increase in the cover available for future investor payouts from the credit enhancement.

For other rated instruments – Not applicable

Negative factors – The sustained weak collection performance of the underlying pool of contracts (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 servicers could also exert pressure on the ratings.

Analytical approach

The rating action is based on the performance of the pools till the December 2024 payout month, the present delinquency profile of the pool of contracts, the performance expected over the balance pool tenure, and the credit enhancement available in the transactions.

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

About the originator

Piramal Capital & Housing Finance Limited (PCHFL), a wholly-owned subsidiary of Piramal Enterprises Limited (PEL), was incorporated in February 2017 and received a housing finance licence from National Housing Bank (NHB) in September 2017. The company provides real estate loans, housing finance, corporate loans, and emerging corporate loans across sectors. It has 508 branches spread across 25 states. In January 2021, PCHFL had emerged as the successful resolution applicant for Dewan Housing Finance Corporation Ltd. (DHFL), which was undergoing insolvency and bankruptcy proceedings. As per the resolution plan approved by the National Company Law Tribunal (NCLT), DHFL's existing liabilities were discharged by PCHFL and a consideration of Rs. 34,250 crore (comprising upfront cash of Rs. 14,700 crore and issuance of debt instruments of Rs. 19,550

crore) was paid to DHFL's creditors. PCHFL was reverse merged with DHFL with effect from September 30, 2021, and the amalgamated entity was rechristened Piramal Capital & Housing Finance Limited.

On May 8, 2024, PEL announced that its board of directors (BoD) has approved a composite scheme of arrangement, whereby it would be reverse merged with its wholly-owned subsidiary, PCHFL. The merged entity would be renamed Piramal Finance Limited (PFL). Further, PCHFL's BoD approved the conversion of the entity to a non-banking financial company - investment and credit company (NBFC-ICC) from a housing finance company (HFC). Accordingly, PCHFL has applied to the Reserve Bank of India (RBI) for an NBFC-ICC licence and will continue to operate as an HFC in the interim.

Key financial indicators (audited)

PCHFL (standalone)	FY2023	FY2024	H1 FY2025*
Total income	6,650	6,712	3,501
Profit after tax	-7,425	-1,911	83 [#]
Assets under management	50,427	53,696	61,066
Gross NPA	3.50%	2.36%	3.43%
Net NPA	1.90%	1.00%	1.67%
CRAR	26.80%	21.64%	19.0%

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

*Limited review; [#]Includes Rs. 136 crore of regulatory provisions for alternative investment fund (AIFs) made during the quarter; these are net of reversals and receipts

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 (FY2025)		Chronology of rating history for the past 3 years					
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		
					Jan 31, 2025	Jan 29, 2024	Jan 31, 2023	Jan 14, 2022	Oct 22, 2021	Jun 04, 2021
1	DHFL Mortgage Loan Pool D.A. Feb-12	Purchaser payouts	431.84	14.65	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]C(SO)%	[ICRA]C(SO)

% - The symbol implies that the rating is under Watch with Positive Implications

S. no.	Trust name	Instrument	Current rating (FY2025)		Chronology of Rating History for the Past 3 Years					
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		
					Jan 31, 2025	Jan 29, 2024	Jan 31, 2023	Jan 14, 2022	Oct 22, 2021	Jun 04, 2021
2	DHFL Mortgage Loan Pool D.A. Feb-12 II	Purchaser payouts	239.00	6.48	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]D(SO)%	[ICRA]D(SO)

% - The symbol implies that the rating is under Watch with Positive Implications

S. no.	Trust name	Instrument	Current rating (FY2025)		Chronology of rating history for the past 3 years					
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025	Date & Rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		
					Jan 31, 2025	Jan 29, 2024	Jan 31, 2023	Jan 14, 2022	Oct 22, 2021	Jun 04, 2021
3	Nirmaan RMBS Trust Series I 2013	PTC Series A2	33.10	21.77	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]AA(SO)	[ICRA]BB(SO)%	[ICRA]BB(SO)

% - The symbol implies that the rating is under Watch with Positive Implications

S. no.	Trust name	Instrument	Current rating (FY2025)		Chronology of rating history for the past 3 years					
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		
					Jan 31, 2025	Jan 29, 2024	Jan 31, 2023	Jan 14, 2022	Oct 22, 2021	Jun 04, 2021
4	Nirmaan RMBS Trust Series I 2017	PTC Series A	313.64	30.41	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]C(SO)%	[ICRA]C(SO)
		Second loss facility	16.47	16.47	[ICRA]AA+(SO)	[ICRA]AA+(SO)	[ICRA]A-(SO)	[ICRA]BBB+(SO)	[ICRA]C(SO)%	[ICRA]C(SO)

% - The symbol implies that the rating is under Watch with Positive Implications

S. no.	Trust name	Instrument	Current Rating (FY2025)		Chronology of rating history for the past 3 years					
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		
					Jan 31, 2025	Jan 29, 2024	Jan 31, 2023	Jan 14, 2022	Oct 22, 2021	Jun 04, 2021
5	Nirmaan RMBS Trust Series II 2017	PTC Series A	240.39	49.36	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA(SO)	[ICRA]BB(SO)%	[ICRA]BB(SO)

% - The symbol implies that the rating is Watch with Positive Implications

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
DHFL Mortgage Loan Pool D.A. Feb-12	Purchaser payouts	Moderately Complex
DHFL Mortgage Loan Pool D.A. Feb-12 II	Purchaser payouts	Moderately Complex
Nirmaan RMBS Trust Series I 2013	PTC Series A2	Moderately Complex
Nirmaan RMBS Trust Series I 2017	PTC Series A	Simple
	Second loss facility	Simple
Nirmaan RMBS Trust Series II 2017	PTC Series A	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	Date of issuance /Sanction	Coupon rate* (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Rating
DHFL Mortgage Loan Pool D.A. Feb-12	Purchaser payouts	January 2012	10.75%#	February 2042	14.65	[ICRA]AAA(SO)
DHFL Mortgage Loan Pool D.A. Feb-12 II	Purchaser payouts	January 2012	12.91%##	February 2042	6.48	[ICRA]AAA(SO)
Nirmaan RMBS Trust Series I 2013	PTC Series A2	March 24, 2013	9.88%	March 21, 2042	21.77	[ICRA]AAA(SO)
Nirmaan RMBS Trust Series I 2017	PTC Series A	March 20, 2017	7.25%	February 10, 2042	30.41	[ICRA]AAA(SO)
	Second loss facility		-	-	16.47	[ICRA]AA+(SO)
Nirmaan RMBS Trust Series II 2017	PTC Series A	March 31, 2017	8.17%	March 31, 2042	49.36	[ICRA]AAA(SO)

#Floating; linked to investor's benchmark rate; ## Floating; linked to pool yield

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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