

February 20, 2025

Niwas Housing Finance Private Limited (erstwhile Indostar Home Finance Private Limited): Rating confirmed as final for PTCs issued under a home loan receivables securitisation transaction

Summary of rating action

Trust Name	Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
STAR HFC TRUST SEPT 2024	Series A1 PTCs	102.74	100.01	[ICRA]AAA(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I.

Rationale

ICRA had assigned a provisional rating to the pass through certificate (PTCs) issued by STAR HFC TRUST SEPT 2024 under a securitisation transaction originated by Niwas Housing Finance Private Limited (erstwhile Indostar Home Finance Private Limited) (NHFPL/Originator). NHFPL is also the servicer for the rated transaction. The PTCs are backed by a pool of home loan (HL) receivables originated by NHFPL with an aggregate principal outstanding of Rs. 105.28 crore (pool receivables of Rs. 249.95 crore).

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said ratings have now been confirmed as final.

Pool performance summary

Parameter	STAR HFC TRUST SEPT 2024
Payout month	January 2025
Months post securitisation	4
Pool amortisation	6.2%
PTC Series A amortisation	8.4%
Cumulative collection efficiency ¹	99.2%
Monthly collection efficiency	99.1%
Loss cum 0+ dpd ²	1.5%
Loss cum 30+ dpd ³	0.9%
Loss cum 90+ dpd ⁴	0.1%
Cumulative prepayment rate	4.9%
Cumulative cash collateral utilisation	0.0%

¹ Cumulative collections / (Cumulative billings + Opening overdues 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 promised on the final maturity date. The residual cash flows from the pool, after meeting the promised and expected payouts, will be used for the prepayment of Series A1 PTC principal. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 3.00% of the initial pool principal, amounting to Rs. 3.16 crore, to be provided by the Originator, (ii) principal subordination of 5.00% of the initial pool principal for Series A1 PTCs, and (iii) the excess interest spread (EIS) of 103.95% of the initial pool principal for Series A1 PTCs

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 1,088 contracts, with no contract exceeding 1% of the pool principal (top 10 contracts formed only ~3% of the pool principal), thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb a part of the losses in the pool and provide support in meeting the PTC payouts.

Contracts backed by self-occupied residential properties – All the contracts in the pool are self-occupied residential properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during stressed financial periods.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, ~99% of the contracts in the pool have never been delinquent during their loan cycle, which is a credit positive.

Healthy bureau score of borrowers – In the pool, ~60% of the borrowers (in terms of the principal amount outstanding on the cut-off date) in the pool have a CIBIL score of at least 700, which reflects their relatively better credit profile.

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 track record of ~5 years of 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 yield on almost the entire pool is floating whereas the yield on the PTCs 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 4.50% of the pool principal 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.

Liquidity position: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 10 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The sustained weak collection performance of the underlying pool, leading to higher-than-expected delinquency levels and higher credit enhancement 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 trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

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

About the originator

Incorporated in January 2016, Niwas Housing Finance Private Limited (erstwhile Indostar Home Finance Private Limited) is a housing finance company (HFC), offering housing loans and loan against property (LAP) to retail customers in tier 2 to tier 4 cities in India. Its focus is on the affordable housing segment with an average ticket size of Rs. 9 lakh as of June 2024. The company has supported over 39,000 low-income homeowners and small businesses. As on December 31, 2024, the gross loan book stood at Rs. 2,047 crore compared to Rs. 2,269 crore in March 2024.

Key financial indicators (standalone)

Niwas Housing Finance Private Limited	FY2023 (audited)	FY2024 (audited)	9M FY2025 (unaudited)
Total revenue	209	290	287
PAT	38	44	44
Gross loan book	1,623	2,269	2,047
Gross stage 3	1.3%	1.1%	1.6
CRAR	80.5%	57.4%	52.60%

Source: 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

S. No.	Trust Name	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years		
		Instrument	Amount Rated (Rs. crore)	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				Feb 20, 2025	Oct 01, 2024			
1	STAR HFC TRUST SEPT 2024	Series A1 PTCs	100.01	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTCs	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

ISIN	Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
NA	STAR HFC TRUST SEPT 2024	Series A1 PTCs	September 27, 2024	8.35%	April 21, 2052	100.01	[ICRA]AAA(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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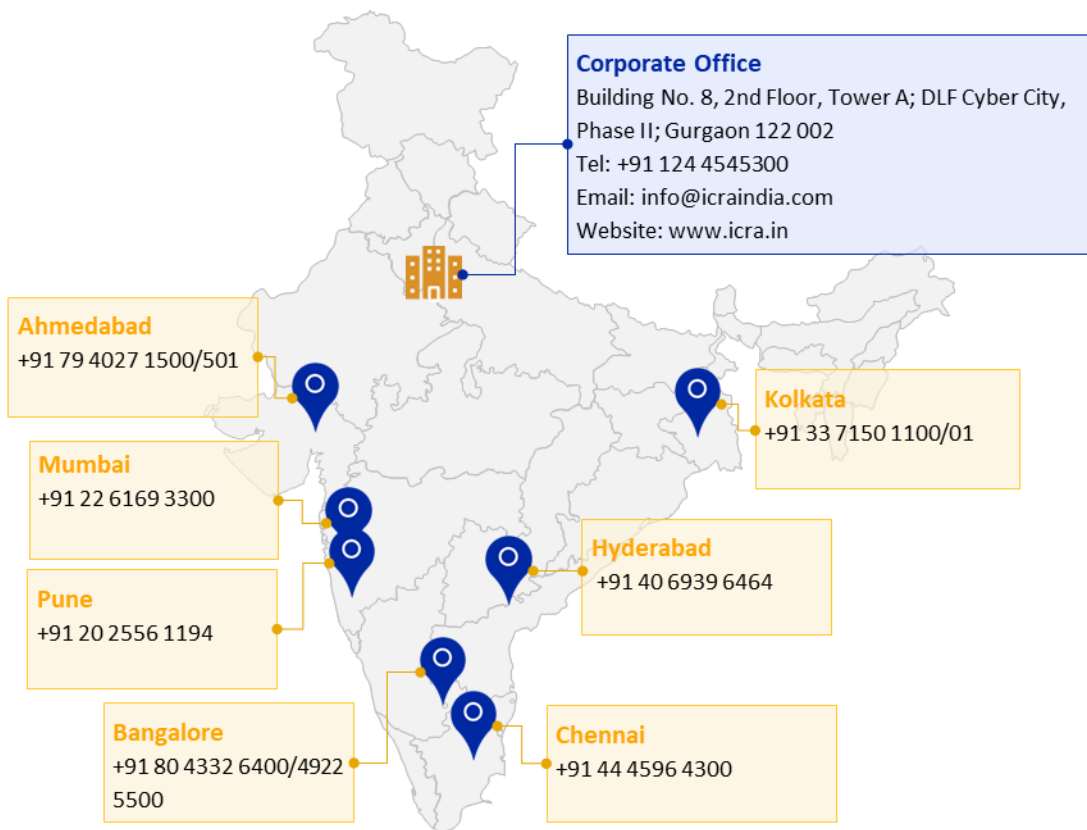
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