Press Release
ART HOUSING FINANCE INDIA LIMITED - ARTDMI TRUST1
March 28, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Pass Through Certificates (PTCs)	17.63	ACUITE A- | SO | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	17.63	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of **'ACUITE A- (SO)' (read as ACUITE A Minus (Structured Obligation))** to the Pass Through Certificates (PTCs) of Rs. 17.63 Cr. issued by ARTDMI TRUST1 (The Trust) under a securitisation transaction originated by ART HOUSING FINANCE INDIA LIMITED (The Originator). The PTCs are backed by a pool of secured housing and non-housing (LAP) loans with principal outstanding of Rs. 21.24 Cr. which has been amortised by 17.32 percent.

The rating addresses the timely payment of interest and principal on monthly payment dates in accordance with the transaction documentation. The transaction is structured at par.

The rating is based on the strength of cash flows from the selected pool of contracts; the credit enhancement is available in the form of
(i) Subordinated tranche with investment by the originator of 17.00 percent of the outstanding pool principal;
(ii) Cash collateral of 3.00 percent of the pool principal; and
(iii) Excess Interest Spread of 88.99 percent of the outstanding pool principal.

About the Originator

Based in New Delhi, Art Housing Finance India Limited was incorporated in 2013. The company is engaged in business of lending home loans for sanitation, home extension, home improvement, construction, and Loan against Property (LAP). Currently the company is managed by MD and CEO, Mr. Vipin Jain. The company has presence in 7 states with a branch network of 41 branches as on December 31, 2024.

Standalone Rating of the Originator ((if rated by Acuite)

Acuite does not rate the originator

Assessment of the Pool

AHFIL had Assets under management of Rs. 499.21 Cr. as on December 31, 2024. The current pool being securitised comprises 3.53 percent of the total AUM. The underlying pool in the current Pass Through Certificate (PTC) transaction comprises of housing and LAP loans extended towards 318 borrowers, with an average ticket size of Rs. 9.7 lakhs, minimum ticket size of Rs. 1.2 lakhs and maximum of Rs. 39 lakhs, indicating moderate granularity. The current average outstanding per borrower stands at Rs. 8.07 lakhs. The weighted average original tenure for the pool is 250 months. The pool has weighted average seasoning of 54.09 months (minimum 13 months seasoning and maximum of 96 months seasoning). Hence, the pool is moderately seasoned. All the loans under the pool are current as on pool cut-off date. The pool's geographical concentration is high. 44.84 percent of the borrowers are concentrated in Gujarat followed by 17.61 percent in Rajasthan. The top 10 borrowers of pool constitute 5.4 percent of the pool principal o/s.

Transaction Structure

The rating addresses the timely payment of interest and principal on monthly payment dates in accordance with the transaction documentation. The transaction is structured at par.

Brief Methodology

Parameters considered are seasoning of the pool, pool vs portfolio, portfolio cuts, amortisation of the pool, internal cash flow modeling, pool characteristics, static pool, dynamic DPDs to assign rating.

Legal Assessment

The rating is based on the fulfilment of the structure, terms and covenants detailed in the executed trust deed, servicing agreement, legal opinion, accounts agreement, assignment agreement and other documents relevant to the transaction.

Key Risks

Counter Party Risks

The pool has average ticket size of Rs. 9.7 lakhs, minimum ticket size of Rs. 1.02 lakhs and maximum of Rs. 39 lakhs. Considering the vulnerable credit profile of the borrowers, the risk of delinquencies/defaults are elevated. These risks of delinquencies are partly mitigated, considering the efficacy of the originator's origination and monitoring procedures.

Concentration Risks

The pool is moderately granular, i.e. underlying assets in the pool are in nature of secured home loans and loan against property extended towards 318 individual borrowers, hence the risk is moderately mitigated. Also, there is considerable geographical concentration in the pool, since 44.84 percent of these borrowers are concentrated in Gujarat followed by 17.61 percent in Rajasthan, which is partially mitigated as the pool is spread across various branches. The top 5 borrowers of pool constitute 5.4 percent of the pool principal O/s

Servicing Risks

There is limited track record of servicing PTCs, since this one of the initial PTC transactions for the originator. Also, the vintage of the originator in this portfolio is low. Therefore, the servicing risk for the transaction remains high.

Regulatory Risks

In the event of a regulatory stipulation impacting the bankruptcy remoteness of the structure, the payouts to the PTC holders may be impacted.

Prepayment Risks

The pool is subject to prepayment risks since rate of interest is significantly high and borrowers may be inclined to shift to low cost options (based on availability). Further, the asset class being housing loans, the risk of prepayment remains high. In case of significant prepayments, the PTC holders will be exposed to interest rate risks, since the cash flows from prepayment will have to be deployed at lower interest rates.

Commingling Risk

The transaction is subject to commingling risk since there is a time gap between last collection date and transfer to payout account.

Credit Enhancements (CE)

The rating is based on the strength of cash flows from the selected pool of contracts; the credit enhancement is available in the form of

(i) Subordinated tranche with investment by the originator of 17.00 percent of the outstanding pool principal;
(ii) Cash collateral of 3.00 percent of the pool principal; and
(iii) Excess Interest Spread of 88.99 percent of the outstanding pool principal.

Rating Sensitivity

- Credit quality of the underlying pool
- Availability of credit enhancement for PTC payouts
- Adherence to terms and conditions, as stipulated in the Transaction Documents
- Credit profile of the originator

All Covenants

The following covenant is included in the transaction structure: On each Payout Date the amounts present in the collection and payment account by way of: Proceeds realised by the Trustee from the Receivables in the Collection Period immediately preceding the relevant Payout Date and deposited in the collection and payment account by the Servicer; Any amounts then available in the collection and payment account; and Amounts drawn, to the extent necessary, from the Credit Enhancement and transferred to the collection and payments account in accordance with the Transaction Documents, shall be utilized by the Trustee as per the waterfall mechanism.
The Facilities comprising the Pool have been selected on the basis of the criteria specified below, as on the Pool Cut Off Date

A. Each Facility should:

a. be existing at the time of selection, and must not have been terminated or prepaid;

b. be compliant with all the applicable "know your customer" requirements prescribed by the RBI and the applicable provisions of the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016;
c. be classified as a "standard asset" in the books of the Seller (in accordance with the criteria prescribed by the RBI and/or the NHB);
d. be in the form of housing loans and/or loans against property;
e. have been fully disbursed;
f. have a fixed repayment schedule and should not be in the nature of revolving credit facilities (such as cash credit accounts, credit card receivables etc.);
g. have been granted in Indian Rupees and should be repayable in Indian Rupees;
h. have a monthly payment/repayment frequency;
i. have a residual maturity of at least 365 (three hundred and sixty five) days; and
j. have a maximum original tenure of 25 (twenty five) years.

B. The minimum holding period of each Facility comprising the Pool should comply with the thresholds prescribed under the Securitisation Directions.
C. The MRR in respect of the Facilities comprising the Pool should comply with the requirements prescribed in the Securitisation Directions.
D. In the Pool:

a. no Facility should have any overdues (i.e., is classified as "current" and "0 DPD" (zero days past due)" in the books of the Seller);
b. no Facility should have been "restructured" or "rescheduled" in the books of the Seller (in accordance with the criteria prescribed by the RBI and/or the NHB);
c. no Facility should have been classified as a "non-performing asset" in the books of the Seller (in accordance with the criteria prescribed by the RBI and/or the NHB);
d. no Obligors have any history of restructuring;
e. no provisions (as of the Pool Cut Off Date or at any time prior to the Pool Cut Off Date) have been made in respect of any loans/financial assistance provided to any of the Obligors;
f. the Seller has not initiated, and does not intent to initiate any legal, recovery or repossession proceedings against any of the Obligors;
g. there are no outstanding obligations on the part of Seller to be performed under the relevant Facility Agreements and the other Underlying Documents;
h. no Facility should have a bullet repayment schedule for principal and interest.
i. no Security Interest should have been created over the Secured Assets for any facility provided by the Seller other than the Facilities comprising the Pool;
j. no fraud or misrepresentation should have been observed in respect of any Facility.
k. each Facility comprising the Pool should be truly, legally and effectively owned by the Seller; and
l. the Security Interest created over the Secured Assets should have been duly created and perfected, and should be enforceable

All Assumptions

Acuité has arrived at a base case delinquency estimate basis its analysis of the company's historical static pool and further applied appropriate stress factors to the base loss figures to arrive at the final loss estimates. The loss estimate also consider the risk profile of the particular asset class, the borrower strata, economic risks, collection efficiency over the past several months as well as the credit quality of the originator. Acuité also has simulated the potential losses to an extent by applying sensitivity analysis.

Liquidity Position

Adequate

The liquidity position in the transaction is adequate. The cash collateral available in the transaction amounts to 3.00 percent of the pool principal. The PTC payouts will also be supported by an internal credit enhancement in the form of subordinated tranche (17 percent of outstanding pool principal) and excess interest spread (88.99 percent of outstanding pool principal).

Outlook: Not applicable

Key Financials - Originator

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Total Assets	Rs. Cr.	495.41	448.63
Total Income*	Rs. Cr.	65.23	60.41
PAT	Rs. Cr.	22.52	21.10
Net Worth	Rs. Cr.	436.74	421.03

Return on Average Assets (RoAA)	(%)	4.77	4.64
Return on Average Net Worth (RoNW)	(%)	5.25	4.92
Debt/Equity	Times	0.11	0.05
Gross NPA	(%)	1.57	2.06
Net NPA	(%)	0.81	1.13

**Total income equals to Net Interest Income plus other income*

Status of disclosure of all relevant information about the Obligation being Rated
Non-public information

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)
Not applicable
Any Other Information
None

Note on complexity levels of the rated instrument
In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Explicit Credit Enhancements: https://www.acuite.in/view-rating-criteria-49.htm
- Non-Banking Financing Entities: https://www.acuite.in/view-rating-criteria-44.htm
- Securitized Transactions: https://www.acuite.in/view-rating-criteria-48.htm

Rating History - PTC

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Mar 2024	Pass Through Certificate	Long Term	21.32	ACUITE A- (SO) (Assigned)
04 Jan 2024	Pass Through Certificate	Long Term	21.32	ACUITE Provisional A- (SO) (Assigned)

Rating History - Originator (if applicable):
Acuite does not rate the originator

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Pass Through Certificate	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.63	Highly Complex	ACUITE A- | SO | Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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