

July 14, 2026

Aadhar Housing Finance Limited: Ratings reaffirmed; rating assigned for Rs. 600 crore NCD programme; rating simultaneously withdrawn for matured instruments

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Non-convertible debentures (NCDs)	2,031.63	2,031.63	[ICRA]AA (Positive); reaffirmed	SEBI
NCDs	104.40	104.40	[ICRA]AA (Positive); reaffirmed	MCA
NCDs	2.00	-	[ICRA]AA (Positive); reaffirmed and withdrawn	MCA
NCDs	-	600.00	[ICRA]AA (Positive); assigned	SEBI
Long-term bank facilities	1,250.00	1,250.00	[ICRA]AA (Positive); reaffirmed	RBI
Subordinated debt	60.00	60.00	[ICRA]AA (Positive); reaffirmed	SEBI
Commercial paper programme	600.00	600.00	[ICRA]A1+; reaffirmed	RBI
Total	4,048.03	4,646.03		

*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 ratings reflect Aadhar Housing Finance Limited's (AHFL) established track record in the affordable housing segment, supported by strong capitalisation and a healthy earnings profile. Operating since FY2011, AHFL's assets under management (AUM) stood at Rs. 30,571 crore, registering a 5-year CAGR¹ of 18% during FY2021-FY2026 with the growth momentum expected to continue at a similar pace. The company is well capitalised to support its long-term growth plans. The earnings profile remained comfortable supported by healthy net interest margins (NIMs), stable operating expenses and controlled credit costs. AHFL on a standalone basis reported a net profit of Rs. 1,095 crore in FY2026, translating into a return of 3.6%² on average managed assets³ (AMA) and 15.8%⁴ on average net worth (Rs. 912 crore, 3.5% and 16.9%, respectively, in FY2025). While AHFL remains exposed to increasing competition in the segment and ICRA expects some pressure on margins, its geographically diversified presence and established track record shall help it maintain a comfortable earnings profile.

The company's reported asset quality remained comfortable, with gross and net non-performing assets (NPAs) at 1.1% and 0.7%, respectively, as on March 31, 2026, unchanged from March 31, 2025. Nonetheless, the impact of the ongoing West Asia crisis on the asset quality remains monitorable. AHFL mainly lends to borrowers in the low-income segment, which is more vulnerable to income shocks as these borrowers have limited income buffers to absorb the same. Thus, delinquencies could remain volatile in light of the macroeconomic environment. Further, the company has been gradually increasing the share of non-housing loans and self-employed borrowers, who are prone to higher volatility in their cash flows and are extremely sensitive to minor business disruptions and external shocks. ICRA notes that prudent underwriting norms and portfolio

¹ Compound annual growth rate

² As per ICRA's calculations

³ Managed assets = Total assets + Off-book portfolio + Impairment loss allowance

⁴ As per ICRA's calculations

management mechanisms have kept the asset quality comfortable over the years. Additionally, ultimate losses on default are expected to be limited, considering the secured nature of the portfolio.

ICRA has reaffirmed and simultaneously withdrawn the rating assigned to the Rs. 2.00 crore non-convertible debenture (NCD) programme as no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings.

The Positive outlook on the long-term rating reflects ICRA's belief that AHFL would continue to scale up its operations while strengthening its market presence and maintaining comfortable profitability metrics. Heightened macroeconomic headwinds and their impact on the operating environment, along with AHFL's ability to sustain its asset quality performance, would remain key monitorable factors in the near term.

Key rating drivers and their description

Credit strengths

Established track record and geographically diversified operations – Operating since FY2011, AHFL has an established track record in affordable housing finance in India with AUM of Rs. 30,571 crore as on March 31, 2026, reporting a 5-year CAGR of 18% during FY2021-FY2026. The AUM rose by 20% in FY2026 (21% growth in FY2025). With ~84% of the AUM comprising ticket sizes of up to Rs. 25 lakh as on March 31, 2026 (~59% of the AUM consisting of ticket sizes of up to Rs. 15 lakh), the company is well placed to tap the healthy demand in the low-income housing segment. AHFL is increasingly focussing on its deeper impact strategy, targeting borrowers with low ticket sized loans in Tier 4 cities, small talukas and small district headquarters. Further, AHFL's operations are geographically diversified, spread across 22 states/Union Territories (UTs) through 626 branches as on March 31, 2026. The share of the top 3 states remained stable at 40% of the AUM as on March 31, 2026. ICRA expects AHFL to continue growing its portfolio at a steady pace of 18-20% over the medium term.

Strong capitalisation profile in relation to long-term growth plans – AHFL is well capitalised with a net worth of Rs. 7,535 crore and a capital-to-risk weighted assets ratio (CRAR) of 42.5% as on March 31, 2026, providing adequate headroom to support long-term growth. Aided by healthy internal accruals and reduction in on-book liquidity levels, the company's on-book gearing reduced to 2.5 times as on March 31, 2026 (managed gearing of 3.2 times) from 2.6 times as on March 31, 2025 (managed gearing of 3.4 times). Continued healthy internal accrual generation is expected to support growth while maintaining a prudent capitalisation profile. In ICRA's opinion, AHFL is well capitalised to support its stated long-term growth plans while keeping the managed gearing well below 5 times.

Comfortable earnings profile – The company continues to maintain a comfortable earnings profile, characterised by healthy interest margins and operating efficiency, and low credit costs. The company reported a healthy net interest margin (including income from assignment) of 6.8% of AMA in FY2026, though it was slightly lower than FY2025 (6.9% of AMA) due to a decline in its lending rates and competitive pressure. While AHFL continues to open new branches and hire personnel to support its envisaged growth plans, its operating expenses remained stable at 2.7%⁵ of AMA in FY2026 (2.7% in FY2025). Credit costs also remained low at 0.2%⁶ of AMA in FY2026 (0.2% in FY2025) and helped support the overall earnings profile. The company reported a healthy net profit of Rs. 1,095 crore in FY2026, translating into a return of 3.6% on AMA and 15.8% on average net worth on a standalone basis. Nevertheless, AHFL's ability to sustain its margins, given the increasing competition, and control credit costs remains monitorable.

Credit challenges

Exposure to relatively vulnerable borrower profile – AHFL mainly lends to borrowers in the low-income segment, which is more vulnerable to income shocks. ICRA notes that good underwriting norms and portfolio management mechanisms have kept the asset quality comfortable over the years. The company's gross and net NPAs stood at 1.1% and 0.7%, respectively, as

⁵ As per ICRA's calculations

⁶ As per ICRA's calculations

on March 31, 2026 (1.1% and 0.7%, respectively, as on March 31, 2025). While AHFL had restructured loan under Resolution Framework 1.0 & 2.0 for Covid-19 pandemic-related stress and had a standard restructured portfolio of 0.7% on its balance sheet as on March 31, 2026, it is performing well with stable collections. Delinquencies also remained low in the overall AUM with the 30+ and 90+ days past due (dpd) at 3.8% and 1.1%, respectively, as of March 2026 (4.1% and 1.0%, respectively, as of March 2025). Nonetheless, the impact of the ongoing West Asia crisis and the corresponding macroeconomic headwinds in the country on AHFL's asset quality profile remains a near-term monitorable.

ICRA also takes note of the gradually increasing share of non-housing loans (27% as on March 31, 2026 vis-à-vis 18% as on March 31, 2022) and self-employed borrowers (45% as on March 31, 2026 vis-à-vis 38% as on March 31, 2022), who are prone to higher volatility in their cash flows and are extremely sensitive to minor business disruptions and external shocks. However, the average loan-to-value (LTV) remained moderate at 60% as on March 31, 2026 and the ultimate losses on default are expected to be limited, considering the secured nature of the portfolio.

Environmental and social risks

Environmental – While housing finance companies (HFCs) like AHFL do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. ICRA notes that the underlying properties are insured for the majority of the portfolio. If the borrowers, to whom such HFCs have an exposure, face livelihood disruption because of physical climate adversities, the same could translate into credit risks for HFCs. However, such risk is not material for AHFL as it benefits from portfolio diversification.

Social – With regard to social risks, data security and customer privacy are among the key sources of vulnerability for HFCs as any material lapse could be detrimental to their reputation and invite regulatory censure. AHFL has not faced any material lapses in recent years. While it contributes to promoting financial inclusion by lending to underserved segments, the company's lending practices remain prudent as reflected in the healthy asset quality numbers in this segment.

Liquidity position: Strong

The company's liquidity profile is strong, given the on-book liquidity maintained by it and its demonstrated ability to raise funds from diverse sources. It had a free cash and bank balance and liquid investments of Rs. 1,834 crore as on March 31, 2026. This, along with scheduled collections (including interest) of ~Rs. 6,686 crore, is sufficient to meet the scheduled debt repayments (including interest) of Rs. 4,816 crore over the next 12 months, i.e. till March 31, 2027. The presence of sanctioned but unutilised funding lines supports its liquidity profile further. The liquidity coverage ratio was 267% for the quarter ended March 31, 2026. AHFL has a diversified lender base comprising funding from banks (42%), followed by National Housing Bank (NHB; 17%), non-convertible debentures (NCDs; 14%), external commercial borrowings (ECBs; 4%), commercial paper (CP; 1%) and direct assignment (DA; 22%) as on March 31, 2026, which augurs well from a fund raising and liquidity perspective.

Rating sensitivities

Positive factors – A significant increase in the scale and market position, while maintaining a healthy financial profile and comfortable asset quality, over the medium-to-long term would be a credit positive.

Negative factors – Pressure on the ratings could arise on a deterioration in the asset quality, affecting the profitability with the return on average managed assets (RoMA) falling below 2.5% on a sustained basis. A sustained deterioration in the capitalisation profile (managed gearing exceeding 5 times) or a stretched liquidity position could also exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs) Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Aadhar Housing Finance Limited (AHFL) was set up in 1990 to provide housing loans in the lower ticket size segment. As on March 31, 2026, the Blackstone Group, through its fund (BCP Asia II Holdco VII Pte. Ltd.), had a 64.9% stake in the company. At present, AHFL focusses on the lower-and-middle-income segment and provides home loans and loan against property. As on March 31, 2026, the company was present in 22 states/UTs through a network of 626 branches and offices while managing a portfolio of Rs. 30,571 crore. AHFL's subsidiary, Aadhar Sales and Services Limited, provides manpower services, recruitment, training and staff assignment.

Key financial indicators (audited; standalone)

Aadhar Housing Finance Limited	FY2024	FY2025	FY2026
As per	Ind-AS	Ind-AS	Ind-AS
Total income	2,524	3,109	3,687
Profit after tax	749	912	1,095
Total managed assets	23,471	28,413	33,122
Return on average managed assets	3.4%	3.5%	3.6%
Gearing (managed; times)	4.1	3.4	3.2
Gross NPA	1.1%	1.1%	1.1%
CRAR	38.5%	44.6%	42.5%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Total managed assets = Total assets + Impairment allowance + Off-book portfolio; Gearing (managed) = (Total borrowings + Off-balance sheet portfolio)/Net worth

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2027			FY2026		FY2025		FY2024	
			July 14, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Non-convertible debentures	Long term	500.00	[ICRA]AA (Positive)	Jun 04, 2025	[ICRA]AA (Positive)	Jun 05, 2025	[ICRA]AA (Positive)	Dec 24, 2024	[ICRA]AA (Stable)	-	-
Non-convertible debentures	Long term	350.00	[ICRA]AA (Positive)	Jun 04, 2025	[ICRA]AA (Positive)	Jun 05, 2025	[ICRA]AA (Positive)	Aug-13- 24	[ICRA]AA (Stable)	-	-
								Sep-13- 24	[ICRA]AA (Stable)	-	-
								Dec-6-24	[ICRA]AA	-	-
								Dec-24- 24	[ICRA]AA (Stable)	-	-
Non-convertible debentures	Long term	200.00	[ICRA]AA (Positive)	Jun 04, 2025	[ICRA]AA (Positive)	Jun 05, 2025	[ICRA]AA (Positive)	Dec-6-24	[ICRA]AA	-	-
								Dec-24- 24	[ICRA]AA (Stable)	-	-
Non-convertible debentures	Long term	586.03	[ICRA]AA (Positive)	Jun 04, 2025	[ICRA]AA (Positive)	Jun 05, 2025	[ICRA]AA (Positive)	Aug-13- 24	[ICRA]AA (Stable)	Jun-21- 23	[ICRA]AA (Stable)
								Sep-13- 24	[ICRA]AA (Stable)	Jul-26- 23	[ICRA]AA (Stable)
								Dec-6-24	[ICRA]AA (Stable)	-	-
								Dec-24- 24	[ICRA]AA (Stable)	-	-
Non-convertible debentures	Long term	500.00	[ICRA]AA (Positive)	Jun 04, 2025	[ICRA]AA (Positive)	Jun 05, 2025	[ICRA]AA (Positive)	Aug-13- 24	[ICRA]AA (Stable)	Sep-21- 23	[ICRA]AA (Stable)
								Sep-13- 24	[ICRA]AA (Stable)	-	-
								Dec-6-24	[ICRA]AA (Stable)	-	-
								Dec-24- 24	[ICRA]AA (Stable)	-	-
Non-convertible debentures	Long term	600.00	[ICRA]AA (Positive)								
Long-term bank facilities	Long term	1,250.00	[ICRA]AA (Positive)	Jun 04, 2025	[ICRA]AA (Positive)	Jun 05, 2025	[ICRA]AA (Positive)	Aug-13- 24	[ICRA]AA (Stable)	Jun-21- 23	[ICRA]AA (Stable)
								Sep-13- 24	[ICRA]AA (Stable)	Jul-26- 23	[ICRA]AA (Stable)

Instrument	Current (FY2027)					Chronology of rating history for the past 3 years					
	FY2027					FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	July 14, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
								Dec-6-24	[ICRA]AA (Stable)	Sep-21-23	[ICRA]AA (Stable)
								Dec-24-24	[ICRA]AA (Stable)	-	-
Subordinated debt	Long term	60.00	[ICRA]AA (Positive)	Jun 04, 2025	[ICRA]AA (Positive)	Jun 05, 2025	[ICRA]AA (Positive)	Aug-13-24	[ICRA]AA (Stable)	Jun-21-23	[ICRA]AA (Stable)
								Sep-13-24	[ICRA]AA (Stable)	Jul-26-23	[ICRA]AA (Stable)
								Dec-6-24	[ICRA]AA (Stable)	Sep-21-23	[ICRA]AA (Stable)
								Dec-24-24	[ICRA]AA (Stable)	-	-
Commercial paper programme	Short term	600.00	[ICRA]A1+	Jun 04, 2025	[ICRA]AA (Positive)	Jun 05, 2025	[ICRA]AA (Positive)	Aug-13-24	[ICRA]A1+	Jun-21-23	[ICRA]A1+
								Sep-13-24	[ICRA]A1+	Jul-26-23	[ICRA]A1+
								Dec-6-24	[ICRA]A1+	Sep-21-23	[ICRA]A1+
								Dec-24-24	[ICRA]A1+	-	-

Source: Company

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper programme	Simple
Long-term bank facilities	Simple
Non-convertible debentures	Simple
Subordinated debt	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	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator [#]
NA	Long-term bank facilities	Sep-30-2022 to Nov-30-2022	NA	Sep-30-2027 to Nov-30-2038	1,250.00	[ICRA]AA (Positive)	RBI
NA	CP programme – Yet to be issued	NA	NA	7-365 days	600.00	[ICRA]A1+	RBI
INE883F07041	NCD	Jul-08-2016	9.35%	Jul-08-2026	2.00	[ICRA]AA (Positive); withdrawn	MCA
INE883F07058	NCD	Jul-13-2016	9.40%	Jul-13-2026	1.20	[ICRA]AA (Positive)	MCA
INE883F07066	NCD	Jul-19-2016	9.28%	Jul-18-2026	2.00	[ICRA]AA (Positive)	MCA
INE883F07074	NCD	Aug-05-2016	9.15%	Aug-05-2026	1.20	[ICRA]AA (Positive)	MCA
INE538L07379	NCD	Nov-16-2016	9.00%	Nov-16-2026	5.00	[ICRA]AA (Positive)	SEBI
INE883F07314	NCD	Aug-17-2023	8.50%	Aug-17-2026	500.00	[ICRA]AA (Positive)	SEBI
INE538L07528	NCD*	Sep-29-2018	9.35%	Sep-29-2028	9.55	[ICRA]AA (Positive)	SEBI
INE538L07536	NCD*	Sep-29-2018	9.75%	Sep-29-2028	11.68	[ICRA]AA (Positive)	SEBI
INE883F07322	NCD	Oct-31-2023	8.35%	Oct-31-2028	100.00	[ICRA]AA (Positive)	MCA
INE883F07330	NCD	Feb-22-2024	8.65%	Aug-21-2027	300.00	[ICRA]AA (Positive)	SEBI
INE883F07348	NCD	Mar-28-2024	8.25%	Mar-28-2029	145.00	[ICRA]AA (Positive)	SEBI
INE883F07363	NCD	Aug-27-2024	8.50%	Dec-02-2027	350.00	[ICRA]AA (Positive)	SEBI
INE883F07389	NCD	Dec-12-2024	8.37%	May-29-2028	200.00	[ICRA]AA (Positive)	SEBI
INE883F07405	NCD	Jun-05-2025	7.76%	Nov-30-2028	200.00	[ICRA]AA (Positive)	SEBI
INE883F07413	NCD	Jun-18-2026	7.77%	Aug-03-2029	250.00	[ICRA]AA (Positive)	SEBI
NA	NCD – Yet to be issued	NA	NA	NA	10.40	[ICRA]AA (Positive)	SEBI
NA	NCD – Yet to be issued	NA	NA	NA	50.00	[ICRA]AA (Positive)	SEBI
NA	NCD – Yet to be issued	NA	NA	NA	600.00	[ICRA]AA (Positive)	SEBI
INE538L08054	Subordinated debt	Sep-19-2016	10.00%	Sep-19-2026	10.00	[ICRA]AA (Positive)	SEBI
INE538L08062	Subordinated debt	Oct-10-2016	9.75%	Oct-10-2026	3.00	[ICRA]AA (Positive)	SEBI
INE538L08070	Subordinated debt	Oct-10-2016	10.00%	Oct-10-2026	15.00	[ICRA]AA (Positive)	SEBI

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator [#]
INE538L08088	Subordinated debt	Oct-10-2016	9.75%	Oct-10-2026	25.00	[ICRA]AA (Positive)	SEBI
INE538L08096	Subordinated debt	Oct-17-2016	9.75%	Oct-17-2026	7.00	[ICRA]AA (Positive)	SEBI

Source: Company, ICRA Research; *Public issue

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[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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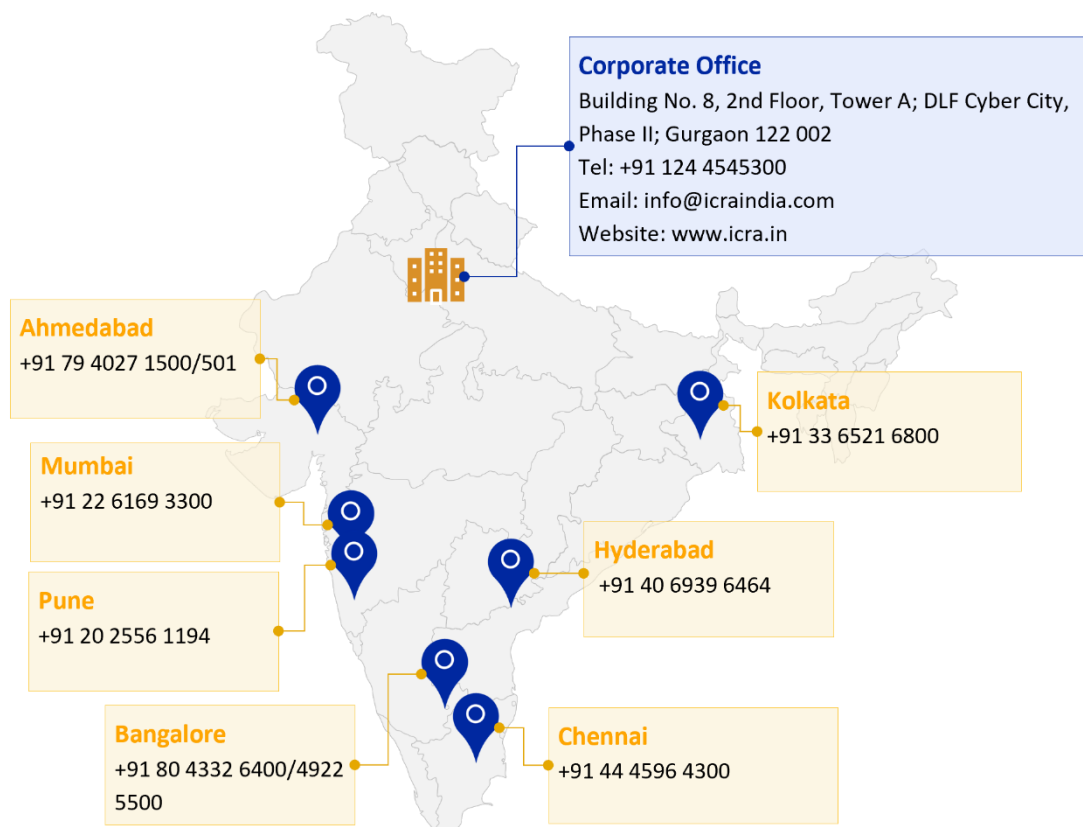


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