

July 09, 2026

Can Fin Homes Limited: Ratings reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|--------------------------------------|-------------------------------------|--|
| Fund-based bank facilities – Long term/Short term | 27,750.00 | 27,750.00 | [ICRA]AAA (Stable)/[ICRA]A1+; reaffirmed |
| NCD programme | 15,938.00 | 15,938.00 | [ICRA]AAA (Stable); reaffirmed |
| Subordinated debt programme | 200.00 | 200.00 | [ICRA]AAA (Stable); reaffirmed |
| Commercial paper | 4,500.00 | 4,500.00 | [ICRA]A1+; reaffirmed |
| Fixed deposits | 750.00 | 750.00 | [ICRA]AAA (Stable); reaffirmed |
| Total | 49,138.00 | 49,138.00 | |

*Instrument details are provided in Annexure II

Rationale

The ratings reaffirmation continues to reflect Can Fin Homes Limited's (CFHL) strong parentage as well as its ability to maintain comfortable asset quality and healthy profitability. CFHL is promoted by Canara Bank¹, which holds an approximately 30% stake in the company. CFHL benefits from Canara Bank's managerial and operational support, the shared brand name, and continued funding support in the form of credit limits on an arm's length basis. Canara Bank has articulated its commitment to CFHL, considering it a core and strategic investment within its portfolio.

CFHL predominantly focusses on the relatively low-risk salaried home loan segment, which has helped it report comfortable asset quality metrics. It has consistently maintained its gross stage 3 (GS3) below 1% and its credit cost has also remained low as a result. Supported by low operating and credit costs, CFHL's profitability remained healthy, with the return on managed assets (RoMA) improving to 2.5% in FY2026 from 2.2% in FY2025 and 2.1% in FY2024.

The ratings continue to factor in CFHL's relatively higher leverage, with the gearing at 6.4 times as of March 2026. While the company has deleveraged steadily from 10.5 times as of March 2018, its leverage remains higher than that of most comparable housing finance companies. Nevertheless, the associated risks are moderated by CFHL's presence in the low-risk retail mortgage segment and its strong asset quality track record, characterised by minimal credit losses. ICRA expects the company's gearing to remain below 7.0 times over the medium term, supported by adequate internal capital generation to fund its planned business growth.

The Stable outlook on the rating reflects ICRA's opinion that CFHL would benefit from its association and support from Canara Bank. The company is also expected to have a stable asset quality, with the leverage remaining under control, and a healthy earnings profile.

Key rating drivers and their description

Credit strengths

Strong parentage, with Canara Bank holding 29.99% equity stake – CFHL enjoys board-level guidance from Canara Bank, given its position as an associate of the bank with a 29.99% stake as of March 2026. Its board of directors comprised eight members as of July 2026, with two nominee directors from the bank. Further, two members of the company's senior management team are on deputation from the bank. CFHL has borrowing limits from Canara Bank, which would support its funding and liquidity requirement to an extent; its dependence on the bank for funding has, however, declined over the years. The shared brand

¹ Rated [ICRA]AAA (Stable) for Basel III Tier II bonds and [ICRA]AA+ (Stable) for Basel III AT-I bonds

name helps the company secure funds at competitive rates from other lenders. In terms of risk and monitoring oversight, the bank conducts quarterly monitoring visits and provides guidance on strengthening various risk and compliance aspects.

Comfortable asset quality – CFHL is present in the relatively lower-risk housing loan segment with housing loans comprising ~72% of its loan book as of March 2026 (86% including commercial real estate residential loans) followed by non-housing loans (including top-up loans, staff loans, loan against property (LAP), builder loans, etc) at ~28% (the balance). The salaried segment accounts for ~68% of the overall loans. ICRA takes note of the company's borrower profile and its presence in the relatively low-risk segment with a reasonable loan-to-value (LTV) ratio. Going forward, CFHL's portfolio mix is expected to remain skewed towards housing loans, which provides comfort.

ICRA notes that CFHL is developing its information technology (IT) infrastructure for its loan origination system (LOS) and loan management system (LMS), which is expected to enhance its operational efficiency. It is also pursuing significant IT projects to improve its technology platforms, thereby advancing analytics and customer relationship management processes. Additionally, in response to fraud incidents in the past, the company had previously implemented several enhancements including a centralised disbursement and reconciliation system, a quarterly cluster-level risk management system, and a maker-checker process for document verification at the head office before submitting disbursement requests to banks. These initiatives have strengthened its fraud control systems.

CFHL's reported asset quality indicators remain healthy with GS3 assets of 0.85% and net stage 3 assets (NS3) of 0.37% as of March 2026 vis-à-vis 0.87% and 0.46%, respectively, as of March 2025. The provision coverage ratio (PCR) on GS3 assets also remained adequate at ~56% as of March 2026, up from 48% as of March 2025. ICRA notes that the overall delinquency levels have improved and remain well controlled, though slippages from the restructured book (1.0% of the total portfolio as of March 2026) continue to be relatively higher than the rest of the book.

Good operating efficiency and low credit costs support profitability – CFHL's profitability has remained healthy with RoMA of 2.5% and a return on average net worth (RoNW) of 19.7% in FY2026 vis-à-vis 2.2% and 18.2%, respectively, in FY2025. The profitability is supported by the company's good operating efficiency, competitive borrowing rates and low credit costs. The net interest margin (NIM) improved to 3.7% in FY2026 from 3.4% in FY2025, supported by the reduction in CFHL's cost of funds despite passing on a part of the benefit to borrowers. It expects to maintain NIMs of 3.5% on a steady-state basis in the near-to-medium term. CFHL's credit costs remained low at 0.1% of average managed assets (AMA; estimated) in FY2026 and 0.2% in FY2025, supported by its healthy asset quality. Further, its operating expenses remained competitive at 0.7% of AMA in FY2026 (0.6% in FY2025).

Credit challenges

High gearing, though limited loan quality risk and good internal generation support capital profile – CFHL's gearing stood at 6.4 times as of March 2026 (6.9 times as of March 2025) vis-à-vis 7.3 times as of March 2024 while its capital-to-risk weighted assets ratio (CRAR) was 23.2% as of March 2026 against 25.1% as of March 2025. ICRA notes that the gearing has declined from 10.5 times as on March 31, 2018, but remains higher than most peers. As per the company's policy, the gearing level is expected to be capped at 8.0 times. However, as per ICRA's expectations, it shall remain below 7.0 times over the medium term.

ICRA notes that the risk of operating with a high gearing is partially mitigated by CFHL's presence in the low-risk housing loan segment, wherein borrowers are salaried individuals. As of March 2026, 68% of the outstanding loan book comprised exposures to the salaried segment (71% as of March 2025). ICRA expects the share of this segment to moderate to around 65% of the portfolio over the near-to-medium term, while remaining the dominant borrower category. Correspondingly, the share of the LAP segment is expected to increase slightly, going forward.

Environmental and social risks

While housing finance companies (HFCs) like CFHL do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. If the borrowers, to whom such HFCs have an exposure, face livelihood disruptions because of physical climate adversities, the same could translate into credit risks for the HFCs. However, the risk for CFHL is mitigated by the granular retail nature of its loan portfolio, notwithstanding some concentration in select states.

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. ICRA also notes that the company has strengthened its internal processes following the instances of fraud at one of its branches.

Liquidity position: Adequate

As per its asset-liability maturity profile as on March 31, 2026, CFHL has positive cumulative mismatches across all buckets. It had adequate on-book liquidity (including liquid investments in Government securities) of Rs. 2,433.5 crore and undrawn sanctions of Rs. 2,790.0 crore as on April 30, 2026, sufficient to cover its debt obligations of Rs. 4,589.5 crore due during May 2026 to July 2026. As on April 30, 2026, the company had a liquidity coverage ratio of 214.9%.

CFHL's funding profile remains fairly diversified. As of March 2026, 63% of the overall funding comprised borrowings from banks, followed by non-convertible debentures (NCDs;17%), National Housing Bank (16%), commercial paper (3%) and deposits (1%).

Rating sensitivities

Positive factors – Not applicable

Negative factors – A significant deterioration in CFHL's asset quality or gearing level would lead to a rating downgrade. Weakening in the credit profile of Canara Bank, a change in its support philosophy towards the company or a stake sale could also adversely impact the ratings.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Non-banking Finance Companies (NBFCs) |
| Parent/Group support | The ratings factor in ICRA's expectation that Canara Bank would be willing to extend support to CFHL, if needed, given its importance as well as the shared brand name |
| Consolidation/Standalone | The ratings are based on the standalone financial statements of the company |

About the company

CFHL is a deposit-taking housing finance company (HFC) registered with National Housing Bank (NHB). Canara Bank holds a 29.99% stake in the company. Headquartered in Bengaluru, CFHL has a presence in 21 states and Union Territories. It reported a loan book of Rs. 42,209.0 crore as of March 2026. It primarily provides relatively smaller-ticket housing loans to salaried, professional, and self-employed non-professional (SENP) borrowers. The average ticket size of housing loans is ~Rs. 27 lakh while the average ticket size of non-housing loans is ~Rs. 14 lakh. The average tenure of these loans is 7-8 years, with an income-to-installment ratio of less than 65%. CFHL reported a net profit (profit after tax; PAT) of Rs. 1,085.8 crore in FY2026 on total managed assets of Rs. 45,399.7 crore as of March 2026 against a PAT of Rs. 857.2 crore in FY2025 on total managed assets of Rs. 41,427.0 crore as of March 2025.

Key financial indicators (audited)

| Can Fin Homes Limited | FY2025 | FY2026 |
|----------------------------------|----------|----------|
| | Ind-AS | Ind-AS |
| Total income | 3,879.2 | 4,216.8 |
| Profit after tax | 857.2 | 1,085.8 |
| Total managed assets | 40,974.0 | 44,881.1 |
| Return on average managed assets | 2.2% | 2.5% |
| Managed gearing (times) | 7.0 | 6.4 |
| Gross NPA | 0.87% | 0.85% |
| CRAR | 25.1% | 23.2% |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore ;Managed gearing = (On-book debt + Off-book 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) | Jul 09, 2026 | FY2026 | | FY2025 | | FY2024 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| Long-term/Short-term fund-based bank facilities | Long term | 27,750.00 | [ICRA]AAA (Stable)/[ICRA] A1+ | Jul-16-2025 | [ICRA]AAA (Stable)/ [ICRA] A1+ | May-14-2024 | [ICRA]AAA (Stable)/ [ICRA] A1+ | Jan-03-2024 | [ICRA]AAA (Stable)/ [ICRA] A1+ |
| | | | | | | Dec-30-2024 | [ICRA]AAA (Stable)/ [ICRA] A1+ | Dec-22-2023 | [ICRA]AAA (Stable)/ [ICRA] A1+ |
| | | | | | | Feb-11-2025 | [ICRA]AAA (Stable)/[ICRA] A1+ | - | - |
| Sub-debt | Long term | 200.00 | [ICRA]AAA (Stable) | Jul-16-2025 | [ICRA]AAA (Stable) | May-14-2024 | [ICRA]AAA (Stable) | Jan-03-2024 | [ICRA]AAA (Stable) |
| | | | | | | Dec-30-2024 | [ICRA]AAA (Stable) | Dec-22-2023 | [ICRA]AAA (Stable) |
| | | | | | | Feb-11-2025 | [ICRA]AAA (Stable) | - | - |
| NCD | Long term | 15,938.00 | [ICRA]AAA (Stable) | Jul-16-2025 | [ICRA]AAA (Stable) | May-14-2024 | [ICRA]AAA (Stable) | Jan-03-2024 | [ICRA]AAA (Stable) |
| | | | | | | Dec-30-2024 | [ICRA]AAA (Stable) | Dec-22-2023 | [ICRA]AAA (Stable) |
| | | | | | | Feb-11-2025 | [ICRA]AAA (Stable) | - | - |
| Commercial paper | Short term | 4,500.00 | [ICRA]A1+ | Jul-16-2025 | [ICRA]A1+ | May-14-2024 | [ICRA]A1+ | Jan-03-2024 | [ICRA]A1+ |
| | | | | | | Dec-30-2024 | [ICRA]A1+ | Dec-22-2023 | [ICRA]A1+ |
| | | | | | | Feb-11-2025 | [ICRA]A1+ | - | - |
| Fixed deposits | Long term | 750.00 | [ICRA]AAA (Stable) | Jul-16-2025 | [ICRA]AAA (Stable) | May-14-2024 | [ICRA]AAA (Stable) | Jan-03-2024 | [ICRA]AAA (Stable) |
| | | | | | | Dec-30-2024 | [ICRA]AAA (Stable) | Dec-22-2023 | [ICRA]AAA (Stable) |
| | | | | | | Feb-11-2025 | [ICRA]AAA (Stable) | - | - |

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Instrument | FSR |
|---------|--|--|
| 1 | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities) | SEBI |
| 2 | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities) | MCA |
| 3 | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | SEBI |
| 4 | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | SEBI |
| 5 | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | RBI |
| 6 | Listed Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 7 | Unlisted Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 8 | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$) | RBI |
| 9 | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI |
| 10 | Certificates of Deposit | RBI |
| 11 | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs | RBI |
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs | MCA |
| 13 | Inter Corporate Deposits/Loans extended by Corporates | MCA |
| 14 | Listed Security Receipts | SEBI |
| 15 | Unlisted Security Receipts | RBI |
| 16 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | Investor-side Regulator such as IRDAI, PFRDA (%) |

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$)

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Activity Name | FSR |
|---------|--|------|
| 1 | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs) | SEBI |
| 2 | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs | SEBI |
| 3 | Independent Credit Evaluation (ICE) | RBI |
| 4 | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs) | RBI |
| 5 | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities)) | SEBI |
| 6 | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities)) | MCA |
| 7 | Credit Rating of Borrowing programme | (@) |
| 8 | Issuer Ratings | (#) |
| 9 | Monitoring Agency | SEBI |
| 10 | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA |

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: 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.

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|----------------------|
| Fund-based bank facilities – Long term/Short term | Simple |
| NCD programme | Simple |
| Subordinated debt programme | Simple |
| Commercial paper | Simple |
| Fixed deposits | Simple |

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 II: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|----------------|--|----------------------------|-------------|----------------------------|--------------------------|-------------------------------|
| NA | Fund-based bank facilities – Long term/ Short term | Dec-26-2013 to Jan-01-2025 | NA | Apr-24-2026 to Jul-31-2034 | 27,750.0 | [ICRA]AAA (Stable)/ [ICRA]A1+ |
| INE477A07381 | NCD | Feb-23-2024 | 8.25% | May-21-2027 | 1,000.0 | [ICRA]AAA (Stable) |
| INE477A07399 | NCD | Apr-03-2024 | 8.18% | Apr-03-2029 | 900.0 | [ICRA]AAA (Stable) |
| INE477A07407 | NCD | Jan-30-2025 | 7.90% | Jan-30-2030 | 500.0 | [ICRA]AAA (Stable) |
| INE477A07415 | NCD | Mar-05-2025 | 8.09% | Jan-04-2027 | 540.0 | [ICRA]AAA (Stable) |
| INE477A07423 | NCD | Mar-18-2025 | 8.20% | May-18-2027 | 1,510.0 | [ICRA]AAA (Stable) |
| INE477A07431 | NCD | May-29-2025 | 7.24% | May-29-2028 | 980.0 | [ICRA]AAA (Stable) |
| Proposed | NCD | NA | NA | NA | 10,508.0 | [ICRA]AAA (Stable) |
| Not issued yet | Sub-debt | NA | NA | NA | 200.0 | [ICRA]AAA (Stable) |
| INE477A14EF6 | CP programme | Apr-17-2026 | 6.40% | Jul-17-2026 | 500.0 | [ICRA]A1+ |
| INE477A14EG4 | CP programme | May-08-2026 | 6.50% | Aug-07-2026 | 500.0 | [ICRA]A1+ |
| INE477A14EH2 | CP programme | May-22-2026 | 7.35% | Aug-21-2026 | 500.0 | [ICRA]A1+ |
| INE477A14EI0 | CP programme | May-25-2026 | 7.70% | Aug-24-2026 | 500.0 | [ICRA]A1+ |
| INE477A14EJ8 | CP programme | Jun-04-2026 | 7.33% | Sep-03-2026 | 500.0 | [ICRA]A1+ |
| Proposed | CP programme | NA | NA | NA | 2,000.0 | [ICRA]A1+ |
| NA | Fixed deposit | - | - | - | 750.0 | [ICRA]AAA (Stable) |

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Not applicable

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