Can Fin Homes Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	10,000.00 (Enhanced from 5,000.00)	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	10,000.00	CARE AAA; Stable	Assigned
Non-convertible debentures	1,375.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	2,500.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	3,000.00	CARE AAA; Stable	Reaffirmed
Tier II bonds	300.00	CARE AAA; Stable	Reaffirmed
Commercial paper	4,500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings of long-term bank facilities and debt instruments of Can Fin Homes Limited (CFHL) continue to derive strength from its strong parentage, with Canara Bank (rated 'CARE AAA; Stable') as primary shareholder (29.99%). Parentage provides board level oversight, strategic guidance and shared brand franchise. Despite its modest shareholding, Canara Bank considers CFHL a strategically important subsidiary and has reiterated its commitment to provide support while maintaining its equity stake.

Supported by its parentage and track record, CFHL enjoys strong financial flexibility, enabling it to raise funds from diversified sources at competitive rates. Ratings also reflect CFHL's relatively low-risk loan portfolio, with majority lending to the salaried segment, its continued healthy financial performance, stable profitability, strong asset quality, and adequate capitalisation. These strengths outweigh credit challenges arising from high leverage and regional concentration in its loan book.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Not applicable

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Weakening credit profile of Canara Bank.
- Change in Canara Bank's philosophy towards CFHL or announcement of stake sale.
- Increase in gearing (total debt/net-worth) beyond 10x levels.
- Weakening asset quality with gross stressed assets of above 5% on a sustained basis.

Analytical approach: Standalone, factoring in the linkages with Canara Bank, with whom, CFHL shares the brand name and derives managerial and financial support. Canara Bank's management has also reiterated its strong commitment to support the entity.

Outlook: Stable

The 'Stable' outlook reflects Canara Bank's backing would continue and will continue receiving all forms of support, as needed. The outlook also reflects that the company will continue growing its portfolio while maintaining comfortable asset quality and healthy financial profile.

Detailed description of key rating drivers:

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Key strengths

Strong parentage

CFHL is promoted by Canara Bank, which held a significant stake of 29.99% as on June 30, 2025. As its sponsor, Canara Bank provides board-level guidance, managerial support, and shared brand equity, while also enhancing CFHL's financial flexibility. Three senior Canara Bank officials, including its Managing Director and CEO, K. Satyanarayana Raju, serve on CFHL's Board. Canara Bank considers CFHL a strategically important entity and has reiterated its commitment to support the company, despite its modest shareholding and intent to maintain the stake. CARE Ratings Limited (CareEdge Ratings) expects this support to continue going forward.

Comfortable asset quality

CFHL's loan book is largely retail-focused, with ~70% of the portfolio comprising loans to the salaried and professional class as on June 30, 2025. Housing loans dominate the portfolio at ~86%, while the balance is diversified across mortgage/loan against property, top-up loans, and personal loans. The predominance of salaried borrowers, and adequate collateral cover, has supported comfortable asset quality metrics over the years. In the housing loan segment, average incremental ticket size stood at ₹25 lakh, with a conservative average loan-to-value (LTV) ratio of ~47%. Asset quality remains healthy though marginally moderated, with gross non-performing assets (GNPA) rising to 0.98% as on June 30, 2025 (March 31, 2025: 0.88%) and net NPA (NNPA) at 0.54% (March 31, 2025: 0.46%). Provision coverage ratio was moderate at 45.15%. CareEdge Ratings expects asset quality to remain comfortable, supported by the company's prudent underwriting and secured portfolio mix.

Diversified resource profile

CFHL's borrowing profile is well-diversified across instruments. As on June 30, 2025, term loans from private and public sector banks formed the largest share at 53.46%, followed by non-convertible debentures (21.69%), refinance from the National Housing Bank (16.56%), commercial paper (7.78%), and deposits (0.51%). The company also maintains significant undrawn credit lines, including working capital limits and stood at ₹7592 crore as on June 30, 2025, as part of its liquidity buffer.

Adequate profitability metrics

The company has reported consistent profitability supported by stable net income margin (NIM) and controlled operating and credit costs. NIM remained steady at 3.50% in FY25 (FY24: 3.62%) while Opex/ average total assets were stable at 0.61% (PY: 0.57%). Credit costs declined to 0.20% in FY25 from 0.40% in FY24, contributing to a marginal improvement in return on total assets (ROTA) to 2.21% (FY24: 2.16%). In Q1FY26, the company reported a profit after tax (PAT) of ₹224 crore on total income of ₹1,020 crore, compared to ₹200 crore on ₹931 crore in Q1FY25.

CareEdge Ratings expects the profitability levels to remain stable supported by healthy spreads and asset quality.

Key weaknesses

Regional concentration of operations

CFHL is a moderately sized player in the housing finance industry, with a loan portfolio of ₹38,773 crore as on June 30, 2025. The company's operations remain concentrated in Southern India, where 56% of it has 234 branches , contributing ~72% of total advances. CareEdge Ratings expects this regional concentration to persist in the medium term.

High gearing levels

Healthy profit generation helped the company maintain a comfortable capital adequacy ratio (CAR) of 25.43% as on June 30, 2025, against regulatory requirement of 15%. Overall gearing improved to 6.73x as on June 30, 2025, from 7.45x as on March 31, 2024, and 7.02x as on March 31, 2025, though it remains high than most peers. Careedge ratings expects gearing to remain capped at ~8x in the near-to-medium term. Operating with relatively high leverage is partly mitigated by CFHL's focus on low-risk housing loans, with salaried borrowers. The company's ability to raise funds at competitive rates from diversified sources has further supported its ability to sustain higher gearing while maintaining adequate capitalisation.

Liquidity: Adequate

Per the asset liability management (ALM) statement as on June 30, 2025, CFHL's liquidity profile is characterised by no negative cumulative mismatches in time bucket supported by sanctioned undrawn lines of ₹7592 crore maintained by the company. Without considering undrawn lines, ALM profile is characterised by negative cumulative mismatches from above one month bucket due to longer tenure of loans compared to borrowings. As on June 30, 2025, the company had cash and bank balance of ₹305 crore and investments of ₹2326 crore against debt repayment obligation of ₹14,118 crore in the next one year. Expected inflows from advances in the same period stood at ₹5,708 crore. CareEdge Ratings draws comfort from the company's demonstrated ability to raise funds at competitive rates through its diversified resource base on the back of strong parentage and its robust performance.

Environment, social, and governance (ESG) risks

Given the service-oriented business of the CFHL,its direct exposure to environmental risks and climate risks is not significant.

Environmental: CFHL's direct environmental risks are limited. CFHL recognise the importance of energy management and has started quantifying energy consumption in terms of energy units. The company works on installation of solar roof panels in villages and focuses on waste management. CHFL prioritises business model resilience through regular risk assessments, contingency planning, diversification of revenue streams, market monitoring and investment in technology and innovation.

Social: Ensuring data security and customer privacy is critical to protecting customer information from cyber-attacks and data breaches. CFHL recognises the importance of fostering a corporate culture that encourages open communication, feedback, and embraces diversity and inclusion

Governance: As of June 30, 2025, the Board had xxx Directors, including xxx Independent Directors. Governance standards remain high, with multiple Board committees, compliance with Secretarial Standards, and oversight through a dedicated committee and periodic reviews.

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Housing Finance Companies
Notching by factoring linkages in Ratings
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Housing finance company

CFHL was incorporated in 1987 by Canara Bank in association with financial institutions including HDFC and UTI. CFHL is the first bank-sponsored housing finance company in India with Canara Bank holding a stake of 29.99% as on September 30, 2024. The company is engaged in providing housing finance to individuals for construction, purchase, repair and upgradation of houses. The company operates mainly in southern India with 56% of total branches in south India as on June 30, 2025, with 72% total advances from southern states. As on June 30, 2025, CHFL's advances stood at ₹38,773 crore, housing loans account for major share (~86% as on June 30, 2025) of CFHL's portfolio, and overall loans to salaried class form major share of 70% as on June 30, 2025.

Brief Financials (₹ crore)-Standalone	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total income	3524	3879	1020
PAT	751	857	224
Interest coverage (times)	1.43	1.43	1.43
Total Assets	36536	40898	NA
Net NPA (%)	0.42	0.46	0.54
ROTA (%)	2.16	2.21	NA

A: Audited UA: Unaudited; NA: Not available, Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Tier II Bonds	Proposed	-	-	-	200.00	CARE AAA; Stable
Bonds-Tier II Bonds	INE477A08025	03-Dec-2014	8.94	03-Dec-2024	100.00*	CARE AAA; Stable
Commercial Paper-Commercial Paper (Standalone)	INE477A14DV5	21-May-2025	6.85%	23-February-2026	750.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE477A14DY9	28-July-2025	5.92%	27-October-2025	500.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	Proposed	-	-	-	3250.00	CARE A1+
Debentures-Non Convertible Debentures	INE477A07316	25-Feb-2022	6.70	25-Feb-2025	500.00*	CARE AAA; Stable
Debentures-Non Convertible Debentures	Proposed	-	-	-	4.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	Proposed	-	-	-	600.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE477A07340	30-Mar-2022	6.85	30-Jun-2025	400.00*	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE477A07399	03-Apr-2024	8.18	03-Apr-2029	900.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE477A07381	23-Feb-2024	8.25	21-May-2027	1000.00	CARE AAA; Stable

Debentures-Non Convertible Debentures	INE477A07332	25-Mar-2022	6.80	25-Jun-2025	260.00*	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE477A07357	24-Aug-2022	7.80	24-Nov-2025	1000.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE477A07365	23-Dec-2022	8.08	23-Mar-2026	301.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE477A07373	27-Feb-2023	8.45	27-May-2026	935.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE477A07324	10-Mar-2022	6.80	10-Jun-2025	700.00*	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE477A07308	10-Nov-2021	6.10	10-Feb-2025	275.00*	CARE AAA; Stable
Debentures-Non Convertible Debentures	Proposed	-	-	-	10000.00	CARE AAA; Stable
Fund-based - LT-Term Loan	-	-	-	March 2031	10000.00	CARE AAA; Stable

*Redeemed

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Bonds-Tier II Bonds	LT	300.00	CARE AAA; Stable	-	1)CARE AAA; Stable (13-Dec-24) 2)CARE AAA; Stable (25-Sep-24)	1)CARE AAA; Stable (26-Sep-23)	1)CARE AAA; Stable (27-Sep-22)
2	Debentures-Non Convertible Debentures	LT	1375.00	CARE AAA; Stable	-	1)CARE AAA; Stable (13-Dec-24) 2)CARE AAA; Stable (25-Sep-24)	1)CARE AAA; Stable (26-Sep-23)	1)CARE AAA; Stable (27-Sep-22)

3	Debentures-Non Convertible Debentures	LT	2500.00	CARE AAA; Stable	-	1)CARE AAA; Stable (13-Dec-24) 2)CARE AAA; Stable (25-Sep-24)	1)CARE AAA; Stable (26-Sep-23)	1)CARE AAA; Stable (27-Sep-22)
4	Debentures-Non Convertible Debentures	LT	3000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (13-Dec-24) 2)CARE AAA; Stable (25-Sep-24)	1)CARE AAA; Stable (26-Sep-23)	1)CARE AAA; Stable (27-Sep-22)
5	Commercial Paper-Commercial Paper (Standalone)	ST	4500.00	CARE A1+	-	1)CARE A1+ (13-Dec-24) 2)CARE A1+ (25-Sep-24)	1)CARE A1+ (26-Sep-23)	1)CARE A1+ (27-Sep-22)
6	Fund-based - LT-Term Loan	LT	10000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (13-Dec-24) 2)CARE AAA; Stable (25-Sep-24)	1)CARE AAA; Stable (26-Sep-23)	1)CARE AAA; Stable (27-Sep-22)
7	Debentures-Non Convertible Debentures	LT	10000.00	CARE AAA; Stable				

LT: Long term, ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Tier II Bonds	Complex
2	Commercial Paper-Commercial Paper (Standalone)	Simple
3	Debentures-Non Convertible Debentures	Simple
4	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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