Aham Housing Finance Limited

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	50.00	CARE BBB; Stable	Upgraded from CARE BBB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the rating of Aham Housing Finance Limited's (AHFL's) bank facilities is driven by the significant equity infusion of ₹100 crore by the Sanmar Group via its group company, Sanmar Shipping Limited (SSL; rated 'CARE A+; Stable') in February 2026, which has resulted in a comfortable capitalisation profile and factors in the improvement in scale of operations. Asset under management (AUM) of the company grew by 36% in FY25 and stood at ₹118 crore as on March 31, 2025, and further by 25% in 9MFY26 and stood at ₹148 crore as on December 31, 2025.

The rating continues to factor in the strong presence of promoters and an experienced board, which provides additional comfort. The company benefits from an adequately diversified lender base relative to its current scale of operations. AHFL has also established sound credit origination, underwriting, collection, and risk management practices, which have supported overall asset quality, notwithstanding some moderation in the scale-up phase.

However, the rating remains constrained by the company's relatively small scale of operations and modest profitability, particularly in 9MFY26, where profitability was impacted by elevated operating expenses arising from front-loaded investments in manpower and branch expansion to support future business growth. Asset quality witnessed moderation, with gross non-performing assets (NPA) rising to 1.64% as on December 31, 2025, from 0.88% as on March 31, 2025, largely reflecting seasoning impact.

The borrower profile is predominantly self-employed forming 70% of the total AUM. While this segment carries relatively higher risk, it is partially mitigated by the secured nature of the loan portfolio and the company's conservative underwriting practices. Geographical concentration also remains a constraint, as operations are concentrated across four states.

Rating sensitivities: Factors likely to lead to rating actions

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

- Sustained increase in operational scale with geographical diversification of the loan portfolio and maintaining healthy asset quality.
- Steady improvement in earnings with return on total assets (ROTA) above 2%.
- Significant mobilisation of equity capital for further growth in business.

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

- Deterioration in asset quality with gross NPA (GNPA) above 4%.
- Deterioration in profitability on a sustained basis.
- Overall gearing exceeding 4x.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity shall sustain its moderate financial risk profile with credit cost under control over the medium term.

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

Detailed description of key rating drivers:

Key strengths

Adequate capitalisation levels supported by equity infusion

The company's tangible net worth (TNW) stood at ₹55 crore as on December 31, 2025. Overall gearing increased to 1.35x as on December 31, 2025, from 0.70x as on December 31, 2024. Subsequently, the company raised ₹100 crore of equity in February 2026 through Sanmar Group via its group company, SSL (rated CARE A+; Stable), which has further strengthened its capital position. Post the capital infusion, the company's TNW is expected to strengthen to ~₹155 crore.

As on February 13, 2026, SSL holds an equity stake of ~43% in the company, while Venkatesh Kannappan, Founder and Promoter, holds 26% equity stake in the company.

Capital adequacy remains comfortable and well above regulatory requirements, with capital adequacy ratio (CAR) and Tier-I CAR of 81.89% and 81.36%, respectively, as on December 31, 2025. Going forward, management intends to maintain gearing within the range of 2.5x–3.0x. CareEdge Ratings expects the company to sustain overall gearing below 4.0x on a steady-state basis.

Moderately diversified resource profile for its current scale of operations

The company's borrowing profile remains moderately diversified for its current scale of operations, and it has been able to raise funding from multiple banks and access refinance lines from the National Housing Bank (NHB), despite its relatively small size. As on December 31, 2025, the borrowing mix comprised term loans from banks (61%), borrowings from non-banking financial companies (NBFCs)/housing finance companies (HFCs) (34%), and NHB refinance lines (5%). The company had established lender relationships with 13 lenders as on December 31, 2025, with the top 10 lenders forming ~86% of the total outstanding borrowings. The weighted average cost of borrowings stood at 10.79% as on December 31, 2025. In addition, the company has entered a co-lending arrangement with one HFC and has executed direct assignment transactions with an NBFC.

Management with adequate experience and proven record

The company is led by Venkatesh Kannappan, Founder, Managing Director and Chief Executive Officer, who has over 25 years of experience in the banking and financial services industry. He has extensive experience in setting up and scaling retail finance businesses across multiple organisations. He is supported by a seasoned Board comprising experienced professionals, including Raja Vaidyanathan S.V., Founder and former Chairman and Managing Director of Asirvad Microfinance Limited, and Srinivas Acharya, Managing director of Sundaram Finance Group and D. R. Dogra, former Managing Director and Chief Executive Officer of CareEdge Ratings.

The senior management team collectively has over a decade of experience across key functional areas in banking and financial services. Following the recent equity infusion, N. Muralidharan joined Aham's board; he currently serves as the Chief Financial Officer of Chemplast Sanmar Limited, further strengthening the company's governance and financial oversight.

Healthy asset quality led by established risk management practices

AHFL has a solid risk management mechanism framework, including thorough due diligence. With an interview-based assessment, company further follows a proprietary scoring methodology to ensure consistency in decision making across all categories of people. The company's underwriting framework is supported by a robust and holistic in-house scorecard that incorporates over 30 parameters. While AHFL caters to a wider loan ticket size ranging between ₹5 lakh and ₹50 lakh, it follows conservative underwriting practices, with ~65% of the AUM maintained at an loan-to-value (LTV) of 50% or below. The company maintained healthy asset quality, with GNPA at 0.88% as on March 31, 2025. Asset quality moderated in ended December 31, 2025, with GNPA increasing to 1.64%, primarily considering seasoning of the loan portfolio.

The company has completed the implementation of end-to-end IT infrastructure software provided by TCS with loan origination system (LOS), loan management system (LMS), and enterprise resource planning (ERP) implemented on a single platform, facilitating better risk management and governance. The company has an operational track record of five years, which results in moderate seasoning considering the long-term nature of housing loans and significant loan book growth since FY23. The ability of the company and the management to implement and monitor these underwriting practices with an increase in scale is a key rating monitorable.

Key weaknesses

Small size and geographically concentrated operations

As on December 31, 2025, AHFL operates across Tamil Nadu, Andhra Pradesh, Karnataka, and Telangana through a network of 32 branches, and employs 296 members. The company's AUM stood at ₹148 crore as on December 31, 2025, with Tamil Nadu forming largest share at 49%, followed by Andhra Pradesh at 33%, Karnataka at 17%, and Telangana at 0.4%. Going forward, the company intends to focus on deeper penetration and consolidation within its existing geographies over the medium term.

Moderate profitability on account high operational cost due to growth phase

The company's net interest margin (NIM) improved to 11.15% in FY25 from 9.54% in FY24, primarily driven by higher interest income supported by growth in the loan book. However, owing to branch expansion and higher employee-related expenses, the operating expenses to average total assets remained elevated at 11.61% in FY25 (FY24: 11.50%). Credit costs remained stable at 0.17% in FY25 (FY24: 0.18%). Consequently, return on total assets (ROTA) improved to 1.08% in FY25 from 0.07% in FY24. In 9MFY26, the company reported a lower NIM of 8.68%, mainly due to a base effect arising from higher borrowings raised toward the end of FY25, with associated interest outgo accruing in the following year. As a result, profitability moderated, with ROTA declining to 0.10% in 9MFY26. Further, operating expenses to average total assets declined to 10.99%, while credit costs increased to 0.28%, partly considering write-offs undertaken for the first time in FY25 and 9MFY26.

The company's ability to scale up operations while maintaining a high-yielding portfolio, access funding at competitive rates, and stabilise operating expenses as it progresses through the growth phase will be critical to achieving sustained improvement in profitability. However, earnings are expected to remain moderate over the near-to-medium term, considering ongoing and planned branch expansion.

Inherent risk associated with the borrower segment partly offset by secured lending

AHFL primarily caters to self-employed and informal income borrowers in semi-urban areas, a segment that typically has limited access to formal banking credit due to undocumented or partially documented income profiles. Loans to self-employed borrowers constituted ~70% of the company's AUM as on December 31, 2025. While this customer segment is inherently more vulnerable to volatility in cash flows and economic disruptions, a significant proportion of borrowers have an established credit history through earlier loans availed for products such as gold loans, two-wheelers, and consumer durables. The secured nature of the loan portfolio, with an average LTV of ~50%, provides risk mitigation.

Liquidity: Adequate

Per the asset-liability management (ALM) statement as on December 31, 2025, the company reported a negative cumulative mismatch in the less-than-one-year maturity bucket, based on contractual maturities. However, the same are within regulatory prescribed limits. This structural mismatch is characteristic of housing finance companies, as loan assets are typically of longer tenures compared to relatively shorter-tenure liabilities.

Liquidity position remains adequate, supported by cash and bank balances and liquid investments amounting to ₹5.48 crore as on December 31, 2025, which is sufficient to meet debt repayment obligations of two months. In addition, the company had unutilised sanction limits of ₹32 crore as on December 31, 2025, providing sufficient liquidity to meet short-term obligations.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Housing Finance Companies

About the company and industry

Industry classification

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

AHFL is a housing finance company (HFC) incorporated on November 21, 2017, by Venkatesh Kannappan. The company started its operations from January 2020 upon receipt of certificate of registration from NHB to operate as a non-deposit accepting HFC.

AHFL is engaged in providing housing loans to individuals for construction, purchase, renovation, upgradation of houses to the under-served segments in the lower to middle-income categories and secured loan against property to micro and small enterprises in Tier-II and Tier-III cities.
As on December 31, 2025, AHFL is operating out of four states, including Tamil Nadu, Andhra Pradesh, Karnataka, and Telangana with 32 branches across these states, and has a portfolio of ₹148 crore. The self-employed to salaried ratio is at 70:30. The average ticket size of loans they cater in the range of ₹17-18 lakh with an average interest rate of 15-20% for a tenure of ~12 years.

Brief Financials (₹ crore)	31-03-2024	31-03-2025	9MFY26
Standalone	A	A	UA
Total income	12.69	16.77	18.32
Profit after tax (PAT)	0.05	1.04	0.10
Assets under management (AUM)	86.68	117.7	147.66
On-book gearing (x)	0.58	0.92	1.35
AUM / tangible net-worth (TNW) (x)	1.65	2.15	2.70
Gross non-performing assets (NPA) (%)	0.56	0.88	1.64
Return on managed assets (ROMA) (%)	0.07	0.89	0.08
Capital adequacy ratio (CAR) (%)	111.34	96.42	81.89

A: Audited UA: Unaudited; 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
Fund-based - LT-Term Loan	-	-	-	March 2032	50.00	CARE BBB; Stable

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	Fund-based - LT-Term Loan	LT	50.00	CARE BBB; Stable	-	1)CARE BBB-; Stable (26-Mar-25) 2)CARE BBB-; Stable (03-Apr-24)	-	-

LT: Long 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	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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