CD Research Pvt Ltd

CHANGING DIMENSIONS

Jan 20, 2026

Can Fin Homes Ltd.	
No. of shares (m)	133.15
Mkt cap (Rs crs/$m)	12505/1374.6
Current price (Rs/$)	939/10.3
Price target (Rs/$)	1058/11.6
52 W H/L (Rs.)	972/559
Book Value (Rs/$)	423/4.7
Beta	0.8
Daily volume NSE (avg. monthly)	227630
P/BV (FY26e/27e)	2.2/1.9
P/E (FY26e/27e)	12.4/11.3
Cost to Income (FY25/26e/27e)	17.1/18.4/18.0
EPS growth (FY25/26e/27e)	14.2/17.7/10.0
NIM (FY25/26e/27e)	3.7/4.0/3.9
ROE (FY25/26e/27e)	18.5/18.7/17.7
ROA(FY25/26e/27e)	2.2/2.3/2.3
D/E ratio (FY25/26e/27e)	7.0/6.6/6.4
BSE Code	511196
NSE Code	CANFINHOME
Bloomberg	CANF.IN
Reuters	CNFH.NS

Shareholding pattern	%
Promoters	30.0
MFs / Banks / FIs/ Others	24.7
Foreign Portfolio Investors	13.2
Govt. Holding	-
Public & Others	32.1
Total	**100.0**

As on Dec 31, 2025

Recommendation

ACCUMULATE

Phone: + 91 (33) 4488 0011

E- mail: research@cdequi.com

Quarterly Highlights

- The Company witnessed good growth in disbursements by 45.1% in Q3FY26 to Rs 2727 crs from Rs 1879 crs in Q3FY25, surpassing management's own guidance of Rs 2500 crs. For Q4FY26, management targets disbursements of Rs 3000 -3200 crs. But growth in loan book was a mere 9.5% y-o-y at Rs 40693 crs in Q3FY26 (vs Rs 37155 crs in Q3FY25): loan book growth scarcely strong given hardly large size of operations. The salaried and professional segment, comprising 70% of the book, grew by 6.2% (y-o-y) to Rs 28002 crs, whereas, self-employed and non-professionals grew by 17.5% (y-o-y) to Rs 12658 crs.
- Net interest income grew by 22.1% (y-o-y) to Rs 420.96 crs in Q3FY26 when compared to Rs 344.72 crs in Q3FY25. The Company made provisions for impairment of financial assets of Rs 9.73 crs in Q3FY26 vs Rs 22.13 crs in Q3FY25, a drop of 56.0%. CFHL reported PBT of Rs 341.37 crs in Q3FY26 as against Rs 269.12 crs during the same period in the preceding year.
- The asset quality of CanFin stayed largely the same for it reported GNPA of Rs 373 crs in Q3FY26 as against Rs 341 crs in Q3FY25 at, 0.92%, NNPA also remained all but stable at 0.49% (Rs 199 crs in Q3FY26 from Rs 187 in Q3FY25).
- The stock currently trades at 2.2x FY26e BV (12.4x FY26e EPS of Rs 75.76) and 1.9x FY27e BV (11.3x FY27e EPS of Rs 83.32). With its expanding sales team and branch network, CanFin is expected to report 13% growth in AUM next fiscal precipitated by ramp up in disbursements. However, competition barely seems to be waning. Emerging competition from banks in the housing segment presents no small friction to business growth. In face of this strain, CanFin, much like other NBFCs, hopes to expand its yield by a gradually shifting towards higher yielding non-housing loans and self-employed segment with salaried-to-self-employed mix targeted to reach 65:35 over the next 2-3 years; current mix: 69:31. Weighing odds, we retain 'accumulate' rating on the stock with revised target of Rs 1058 (previous target: Rs 1012) based on 2.1x FY27e BV.

Figures in Rs crs	FY23	FY24	FY25	FY26e	FY27e
Net Interest Income	1014.55	1258.49	1354.44	1606.37	1751.22
Non-Interest Income	27.71	34.81	37.03	37.91	41.38
Pre-Provision Profits	865.79	1035.72	1153.25	1341.74	1469.93
Net profit	621.13	750.65	857.17	1008.73	1109.39
EPS(Rs)	46.64	56.37	64.37	75.76	83.32
EPS growth (%)	31.8	20.8	14.2	17.7	10.0

Outlook & Recommendation

Housing Finance Industry Overview

According to ICRA, a rating agency, the main growth driver will still remain the retail housing segment, while cautious expansion will be observed in wholesale lending. The retail mortgage backed loans offered by NBFCs and housing finance companies (HFCs) will expand to Rs 20 trillion by FY2028, from Rs. 13 trillion as of FY2025, of which the share of affordable housing finance companies (AHFCs) would rise to Rs. 2.5 trillion from Rs. 1.4 trillion during the same period. ICRA contends that mortgage loans by NBFC's and the AHFC's to expand at a CAGR of 17-19% and 20-22% respectively by 2028.

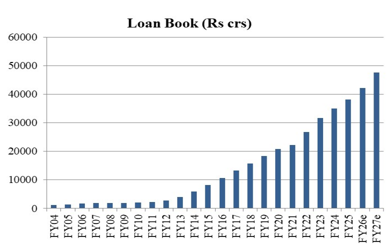
The surge in the housing finance sector can also be attributed to the ease in monetary conditions i.e., the improved affordability through RBI's falling repo rate all year around from 6.5% to 6.25% in Feb'25, then to 6.0% in April, once again to 5.5% in June, finally settling to 5.25% in December. Government initiatives like PMAY 2.0 and CLSS remain vital to foster a multi-year sustainable growth in the affordable housing loan for the rising middle and low income groups.

According to Anarock's research data, India's overall real estate sales value saw a jump of 6% from about 5.68 lakh crore in 2024 to over some 6 lakh crore in 2025, yet at the same time it recorded its second straight annual drop in new home unit sales down 14 per cent in 2025, following a 4 per cent dip in 2024, as high prices continued to erode affordability. Real estate developers are now banking on a mix of lower mortgage rates, resilient GDP growth, and possible tax relief in the upcoming Union Budget to revive demand for residential properties in 2026 and restore confidence in the sector. Builders, however, found some comfort in value-wise growth of new home sales, driven by steep price appreciation in the post-pandemic housing cycle and a deliberate shift by builders toward luxury residences in pursuit of better profit margins.

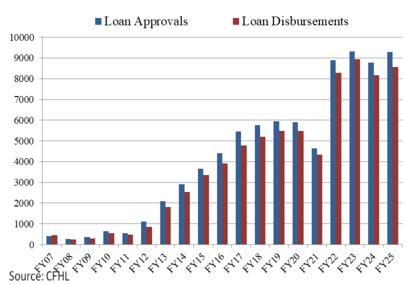
The 'Master Direction on Digital Lending' by RBI has boosted widespread digital adoption and onboarding through open API-lending which has created predicted loan pipelines and slashed the approval times from weeks to a few days.

Financials and Valuation

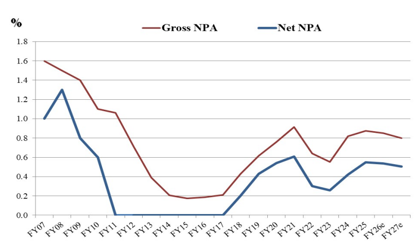
The loan book grew by 9.2% to Rs 38156 crs in FY25 as against Rs 34939 crs in FY24. The southern states contributed 72% to the total loan portfolio in FY25. The proportion of loans given to salaried class and self-employed & non-professional (SENP) stands at 71% and 29% respectively. CFHL has, over past few years, increased its focus on SENP category. Although, sufficient due diligence is done by the Company before sanctioning such loans, stress in economy could spoil loan assets. Disbursements in FY25 increased by 4.8% to Rs 8568 crs when compared to Rs 8177 crs in the preceding fiscal year. Going forward, we expect an AUM growth of 10.5% in the current fiscal year to Rs 42163 crs and 13% for the next fiscal year to Rs 47644 crs respectively.



Sources: CFHL, CD Equisearch

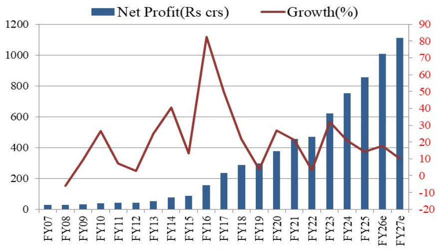


Source: CFHL

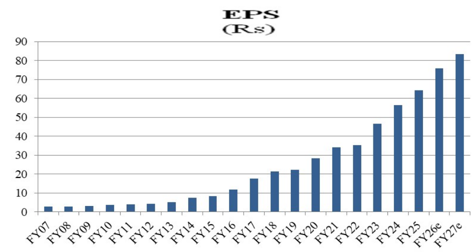


Sources: CFHL, CD Equisearch

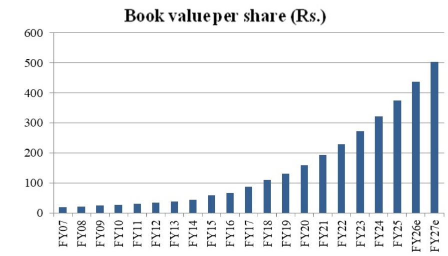
GNPA of Can Fin rose by 16.4% to Rs 333 crs in FY25 from Rs 286 crs in FY24. As a result, net NPA witnessed an increase of some 18% to Rs 174 crs in FY25 from Rs 147 crs in FY24. Most of the funds that Can Fin raised in FY25 were from banks and through issue of NCDs. As the rates are high in such forms, the borrowing cost of the Company shot up to 7.55% in FY25 from 7.4% in FY24, settling to some 7.24% for 9MFY26. During FY25, the company raised additional 2,000 crs from National Housing Bank under the Affordable Housing Scheme and Regular Refinance Schemes. It also redeemed the high 8.94% Unsecured NCD issued in FY14-15 amounting to some Rs 100 crs.



Sources: CFHL, CD Equisearch ;adjusted for stock split

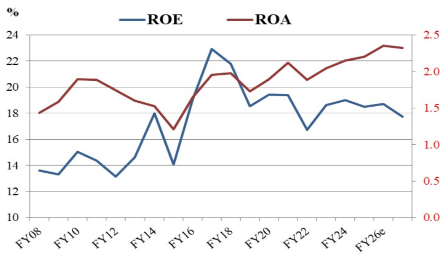


Sources: CFHL, CD Equisearch ;adjusted for stock split

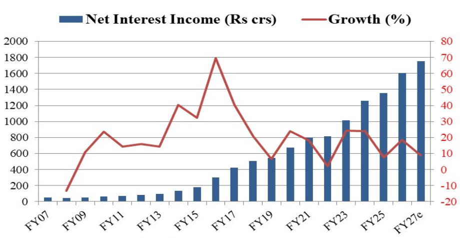


Sources: CFHL, CD Equisearch ;adjusted for stock split

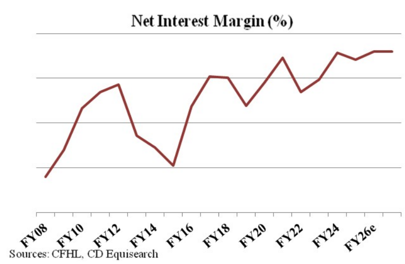
Historically, the company had huge reliance on DSAs (80% of incremental sourcing) which they are reducing and shifting their focus on direct sourcing channels which currently account for 4%. According to the company, they have seen promising results from dedicated marketing team and Advanced Processing Facilities (APF). Additionally, they are implementing digital onboarding process and targeted search engine marketing campaigns to streamline the entire loan application process and the at the same time increase visibility. The management reiterates its commitment to maintain the current average ticket size of Rs 24 lacs and Rs 13 lacs for incremental housing and non-housing loans respectively.



Sources: CFHL, CD Equisearch



Sources: CFHL, CD Equisearch



Sources: CFHL, CD Equisearch

The rising aspirational young population, urban migration, growing middle class and nuclear families supported by government initiatives like PMAY, CLSS, ARHC, SWAMIH and smart cities mission and policies is fueling the rapid growth of housing and non-housing loans. The Company opened around 15 new branches in Tier 2 cities taking the total branch count to 234 from 219 during FY25.

The stock currently trades at 2.2x FY26e BV (12.4x FY26e EPS of Rs 75.76) and 1.9x FY27e BV (11.3x FY27e EPS of Rs 83.32). Slower growth in loan book this fiscal is a testament of enhanced internal operations which stymied growth last fiscal. Though NIMs would likely expand by some 30 bps to 4% in the current fiscal not least due to declining cost of funds, increasing competitive intensity from deposit raising banks and NBFCs could derail business scaling. To counter the rising risk of competition the company plans to strategically shift its focus towards increasing proportion to self-employed non-professional individuals. Although the company operates in a niche market, increasing use of AI by larger players could "blunt" Can Fin's competitive edge of servicing smaller markets through DSA's. Weighing odds, we retain 'accumulate' rating on the stock with revised target of Rs 1058 (previous target: Rs 1012) based on 2.1x FY27e BV. For more information, refer to our August, 2024 report.

Cross Sectional Analysis

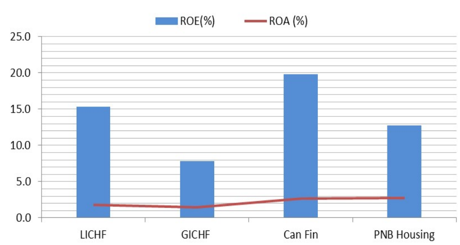
Company	Equity*	CMP	Mcap*	NII*	Profit*	NIMs (%)	Loan Book growth(%)	ROE (%)	ROA (%)	P/E	P/BV
LICHF	110.0	534	29371	8271	5514	2.7	5.8	15.3	1.8	5.3	0.8
GICHF	53.9	167	900	361	153	3.4	4.8	7.9	1.4	5.9	0.5
Can Fin	26.6	939	12505	1537	974	3.9	9.5	18.3	2.4	12.8	2.2
PNB Housing	260.5	961	25036	2915	2149	4.0	16.9	12.7	2.7	11.7	1.4

*figures in crores; calculations on ttm basis; standalone or consolidated data as available as on January 20, 2025

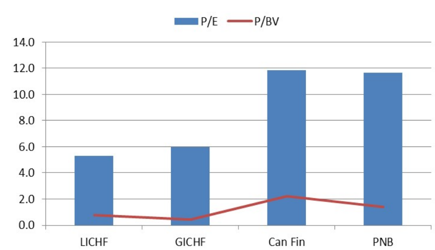
Disbursements of LICHF fell by 1% to Rs 16313 crs at the end of Q2FY26 from Rs 16476 crs in Q2FY25. The composition of individual home loan in disbursement was Rs 13490 crs and Rs 13051 crs in Q2FY26 and Q2FY25 respectively, up by 3.4%. The management is aiming to achieve double-digit growth in both disbursement and overall loan book by the end of this financial year. Net interest income rose by 3% to Rs 2038 crs in Q2FY26 from Rs 1974 crs in Q2FY25. Subsequently, the net interest margin stood at 2.62% down from 2.71% in Q2FY25. The Company's total ECL provision stood at 5074 crs reflecting a provision coverage ratio of above 53% at the end of Q2FY26 as against 49% in Q2FY25.

GICHF witnessed a stable increase of 20% in its disbursements at Rs 1023 crs for the half year ended for FY26 from Rs 851 crs in the same period last year. An increase of 11.6% was seen in the net interest income (Rs 92.06 crs in Q2FY26 vs Rs 82.5 crs in Q2FY25). Gross loan book of the Company grew by a mere 4.8% to Rs 10870 crs at the end of H1FY26 as against Rs 10376 crs in the same period last year. PAT for the quarter grew by 37% to Rs 50.03 crs in Q2FY26 when compared to Rs 36.52 crs in Q2FY25.

PNB Housing's disbursement in the retail segment grew by 12% y-o-y to Rs 5995 crs in Q2FY26. Within the retail segment, the management reiterated its inclination towards growing the emerging market and affordable segments which currently accounts for 38% of the overall retail segment. The management maintained an overall loan growth at around 17-18% for the current financial year. The cost of borrowing saw a decline, with incremental cost remaining stable at 7.42% and the overall cost of borrowing declining by 7 bps sequentially to 7.69% in Q2FY26. Net interest margin remained stable at 3.67% in Q2FY26 when compared to 3.68% in Q2FY25, at the same time spread increased from 2.21% to 2.26%. The management aims to balance the self-employed and plain vanilla salary accounts which constitute 50-53% of the portfolio aligning itself with promoting government initiatives like PMAY2, which necessitates catering to EWS and LIG segments. The Company's overall branch network stood at 356, with 198 in the affordable segment (it plans to expand it to 250 by the end of this year), 85 in emerging markets and 73 in prime.



Sources: CD Equisearch; Companies



Sources: CD Equisearch; Companies

Financials

Quarterly Results

Figures in Rs crs

	Q3FY26	Q3FY25	% chg.	9MFY26	9MFY25	% chg.
Net Interest Income	420.96	344.72	22.1	1188.30	1005.91	18.1
Non-Interest Income	10.02	5.83	71.9	25.65	20.24	26.7
Total Operating Income	**430.98**	**350.55**	**22.9**	**1213.95**	**1026.15**	**18.3**
Operating Expenses	79.88	59.30	34.7	224.31	167.49	33.9
Pre-Provision Profits	**351.10**	**291.26**	**20.5**	**989.64**	**858.66**	**15.3**
Provision	9.73	22.13	-56.0	39.05	60.35	-35.3
PBT	**341.37**	**269.12**	**26.8**	**950.58**	**798.32**	**19.1**
Tax	76.59	57.00	34.4	210.50	175.07	20.2
PAT	**264.78**	**212.12**	**24.8**	**740.08**	**623.25**	**18.7**
Extraordinary items	-	-	-	-	-	**-**
Adjusted Net Profit	**264.78**	**212.12**	**24.8**	**740.08**	**623.25**	**18.7**
EPS	19.88	15.93	24.8	55.58	46.80	**18.7**

Income Statement

Figures in Rs crs

	FY23	FY24	FY25	FY26e	FY27e
Net Interest Income	1014.55	1258.49	1354.44	1606.37	1751.22
Non-Interest Income	27.71	34.81	37.03	37.91	41.38
Total Operating Income	**1042.27**	**1293.30**	**1391.46**	**1644.28**	**1792.60**
Operating Expenses	176.48	257.58	238.21	302.55	322.67
Pre-Provision Profits	**865.79**	**1035.72**	**1153.25**	**1341.74**	**1469.93**
Provision	41.76	78.19	75.78	48.49	47.64
PBT	**824.03**	**957.53**	**1077.47**	**1293.25**	**1422.29**
Tax	202.82	206.83	220.31	284.51	312.90
PAT	**621.21**	**750.70**	**857.17**	**1008.73**	**1109.39**
Extraordinary items	0.08	0.04	-	-	-
Adjusted Net Profit	**621.13**	**750.65**	**857.17**	**1008.73**	**1109.39**
EPS	46.64	56.37	64.37	75.76	83.32

Balance Sheet

Figures in Rs crs

	FY23	FY24	FY25	FY26e	FY27e
Sources Of Funds	**33022.06**	**36947.83**	**40897.98**	**44983.37**	**50685.68**
Shareholders' Funds	**3647.28**	**4343.85**	**5067.49**	**5903.13**	**6812.78**
Share Capital	26.63	26.63	26.63	26.63	26.63
Reserves and Surplus	3620.65	4317.22	5040.86	5876.49	6786.15
Financial Liabilities	**29366.48**	**32163.73**	**35347.81**	**38556.75**	**43286.79**
Debt Securities	6310.99	7575.12	10849.35	10962.26	11434.48
Borrowings and Deposits	22654.22	24184.91	24201.88	27194.83	31444.81
Other Financial Liabilities	401.27	403.70	296.58	399.66	407.49
Non-Financial Liabilities	**8.30**	**440.25**	**482.67**	**523.50**	**586.11**
Provisions	33.89	58.73	56.74	48.52	54.03
Other Non-Financial Liabilities	22.84	447.38	495.29	549.19	613.71
Deferred Tax Liability	-48.43	-65.87	-69.35	-74.21	-81.63
Application of Funds	**33022.06**	**36947.83**	**40897.98**	**44983.37**	**50685.68**
Financial Assets	**32972.93**	**36478.22**	**40388.04**	**44421.88**	**50064.76**
Cash and Bank	308.47	457.42	307.64	356.96	465.01
Investments	1459.03	1459.03	2373.98	2400.00	2500.00
Loans and Advances	31193.33	34553.10	37696.44	41654.34	47087.83
Other Financial Assets	12.11	8.67	9.98	10.57	11.92
Non-Financial Assets	**49.13**	**469.61**	**509.94**	**561.50**	**620.92**
Tangible Assets	45.40	52.62	50.34	55.59	58.43
Other Non-Financial Assets	3.72	416.99	459.59	505.91	562.49

Key Financial Ratios

	FY23	FY24	FY25	FY26e	FY27e
Growth Ratios (%)					
Net Interest Income	24.3	24.0	7.6	18.6	9.0
Total Operating Income	24.8	24.1	7.6	18.2	9.0
Pre Provision Profits	26.9	19.6	11.4	16.3	9.6
Net Profit	31.8	20.9	14.2	17.7	10.0
EPS	31.8	20.9	14.2	17.7	10.0
Loan Book	18.2	10.7	9.2	10.5	13.0
Return Ratios (%)					
ROE	18.6	19.0	18.5	18.7	17.7
ROA	2.0	2.1	2.2	2.3	2.3
Margins (%)					
Cost To Income Ratio	16.9	19.9	17.1	18.4	18.0
Net Interest Margin	3.5	3.8	3.7	4.0	3.9
Asset Quality (%)					
Gross NPA	0.6	0.8	0.9	0.9	0.8
Net NPA	0.3	0.4	0.5	0.5	0.5
Valuation Ratios					
P/BV	1.9	2.3	1.8	2.2	1.9
P/E	11.3	13.4	10.4	12.4	11.3
Other Ratios					
Debt / Equity	8.0	7.4	7.0	6.6	6.4

Cumulative Financial Data

Figures in Rs crs	FY19-21	FY22-24	FY25-27e
NII	2017	3089	4712
Pre-provision profits	1735	2583	3965
PBT	1605	2416	3793
PAT	1129	1843	2975
Dividends	85	166	559
Loan Book*	22105	34939	47644
Loan Book growth (%)	40.41	58.1	36.4
Cost to Income (%)	15.7	18.5	17.9
NIM (%)	3.6	3.6	3.8
ROE (%)	18.6	17.9	18.0
ROA (%)	2.0	2.1	2.3
GNPA (%)*	0.9	0.8	0.8
Dividend payout ratio (%)	7.6	9.0	18.8

FY19-21 implies three year period ending fiscal 2021;*as on terminal year.

Cumulative NII is anticipated to witness a growth of 52.5% to Rs 4712 crs in FY25-27e when compared to Rs 3089 crs in the preceding three year period. NIM will increase by 20 bps to 3.8% in FY25-27e from 3.6% in FY22-24 not least due to softening cost of funds led by loosening stance by RBI (see table). Cost to income ratio will all but remain stable at 17.9% in FY25-27e from 18.5% in FY22-24. Backed by margin expansion, cumulative post tax earnings is estimated to rise by some 61% to Rs 2975 crs in FY25-27e from Rs 1843 crs in preceding three year period. With pace of prepayment barely moderating, loan book growth has taken a hit. Yet, ROA will increase to 2.3% in FY25-27e as against 2.1% in FY22-24. Dividend payout ratio would rise to 18.8% during FY25-27e from 9%.

Financial Summary- US$ denominated

million $	FY23	FY24	FY25	FY26e	FY27e
Equity capital	3.2	3.2	3.1	2.9	2.9
Shareholders' funds	440.4	514.6	582.8	638.7	737.2
Total debt	3535.5	3821.7	4095.7	4205.7	4724.8
Total loans and advances	3794.0	4144.4	4404.7	4578.9	5176.2
Investments	177.5	175.0	277.4	263.8	274.8
Total assets	4016.5	4431.6	4778.8	4944.8	5571.7
Net Interest Income	126.2	152.0	160.2	176.6	192.5
Pre-provision Profits	107.7	125.1	136.4	147.5	161.6
PBT	102.5	115.6	127.4	142.2	156.3
PAT	77.3	90.7	101.4	110.9	122.0
EPS($)	0.58	0.68	0.76	0.83	0.92
Book value ($)	3.31	3.86	4.38	4.80	5.54

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 90.97/$). All dollar denominated figures are adjusted for extraordinary items.

Disclosure & Disclaimer

CD Research Private Limited (hereinafter referred to as "CD Research"), a SEBI-registered Research Entity (Regn. No. INH000020943, valid till 15.06.2030), and enlisted with BSE (Enlistment No. 6566), is an associate company of CD Equisearch Pvt. Ltd (hereinafter referred to as "CD Equisearch"). CD Equisearch is a corporate trading and clearing member of the National Stock Exchange of India Limited, Bombay Stock Exchange Limited, and a Depository Participant with CDSL, as well as an AMFI-registered Mutual Fund Advisor. Other associates of CD Research are engaged in activities such as Real Estate and other related sectors.

CD Research is registered under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration no INH000020943. Further, CD Research hereby declares that –

- No disciplinary action has been taken against CD Research by any of the regulatory authorities.
- CD Research/its associates/research analysts do not have any financial interest/beneficial interest of more than one percent/material conflict of interest in the subject company.
- CD Research/its associates/research analysts have not received any compensation from the subject company(s) during the past twelve months.
- CD Research/its research analysts have not served as an officer, director or employee of company covered by analysts and has not been engaged in market making activity of the company covered by analysts.

This document has been prepared by CD Research, a SEBI-registered Research Analyst, and is intended solely for the personal information of the recipient and must not be singularly used as the basis of any investment decision. The Distributing Entity, CD Equisearch, is not the author of this report and shares it purely for informational purposes. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved) and should consult their own advisors to determine the merits and risks of such an investment.
Research reports based on technical and derivative analysis rely on historical price movements, trading volumes, and open interest data, and may not align with reports based on fundamental analysis.
The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. CD Research or any of its affiliates/group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. CD Research has not independently verified all the information contained within this document. Accordingly, we cannot testify nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document.
While, CD Research endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory compliance or other reasons that prevent us from doing so.
This document is being supplied to you solely for your information and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly. Neither, CD Research nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.
Investments in securities are subject to market risks. Past performance is not indicative of future returns. Investors are advised to read all related documents carefully before investing.

Registration granted by SEBI, enlistment of RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provides any assurance of returns to investors.

CD Research Private Limited (CIN: U51109WB1983PTC036323)
Registered Office: 37, Shakespeare Sarani, 3rd Floor, Kolkata – 700 017; Phone: +91(33) 4488 0000
Corporate Office: 5th Floor, Vaswani Mansion, 120, Dinshaw Wachha Road, Churchgate, Mumbai – 400020 Phone: +91(22) 49224000
Website: www.cdresearch.in; Email: research@cdresearch.in

buy: >20%	accumulate: >10% to ≤20%	hold: ≥-10% to ≤10%	reduce: ≥-20% to <-10%	sell: <-20%

Rs/$	FY21	FY22	FY23	FY24	FY25
Average	74.20	74.51	80.39	82.79	84.57
Year end	73.50	75.81	82.22	83.37	85.58

All $ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate.