Retail Equity Research

Can Fin Homes Ltd.

Accumulate

Sector: NBFC

31st October 2025

Key Changes:	Target ▲	Rating ▼	Earnings ▲

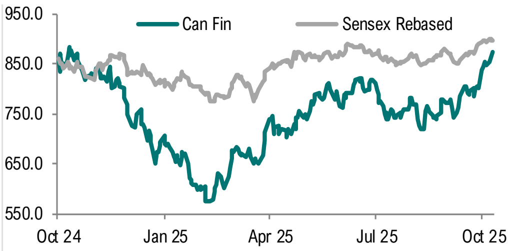
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	CANF:IN	84,404	CANFINHOME	511196	12 Months

Target	**Rs.1,015**
CMP	**Rs.875**
Return	**+16%**

Data as of: 30-10-2025, 18:00 hrs

Company Data			
Market Cap (Rs. cr)			11,601
52 Week High — Low (Rs.)			891-559
Outstanding Shares (Rs cr)			13.3
Free Float (%)			63.3
Dividend Yield (%)			1.4
6m average volume (million)			0.4
Beta			1.6
Face value (Rs.)			2.0
Shareholding (%)	**Q4FY25**	**Q1FY26**	**Q2FY26**
Promoters	30.0	30.0	30.0
FII's	12.1	12.1	12.5
MFs/Institutions	24.7	24.5	23.9
Public	33.2	33.4	33.6
Total	100.0	100.0	100.0
Promoter Pledge	-	-	-
Price Performance	**3 Month**	**6 Month**	**1 Year**
Absolute Return	18.4%	22.3%	-1.0%
Absolute Sensex	3.6%	5.2%	5.6%
Relative Return	14.9%	17.1%	-6.6%

***over or under performance to benchmark index**



Standalone (Rs. cr)	FY25A	FY26E	FY27E
NII	1,354	1,562	1,712
Growth (%)	*7.6*	*15.3*	*9.6*
NIM(%)	3.5	3.6	3.5
Provisions	76	64	73
Adj. PAT	857	983	1,076
Growth (%)	*14.2*	*14.6*	*9.5*
Adj. EPS	64.4	73.8	80.8
Growth (%)	*14.2*	*14.6*	*9.5*
BVPS	380.5	443.3	512.1
Adj BVPS	368.4	428.5	494.0
P/E	13.6	11.9	10.9
P/B	2.3	2.0	1.7
ROA (%)	2.2	2.3	2.2
ROE (%)	18.2	17.9	16.9

Upbeat Performance Sustained.

Can Fin Homes Ltd. (CANF) is the housing finance arm of Canara Bank. Predominantly active in South India, the company offers a wide range of financial products, including housing loans, composite loans, non-housing loans, mortgage loans, and commercial property loans, in addition to fixed and cumulative deposits.

- In Q2FY26, the loan book grew by 8.4% YoY to Rs. 39,657cr. The client base now stands at 2.84 lakh.
- The Salaried and Professional segment constitutes 69% of the outstanding loan book as of Q2FY26, while Housing forms 85% of the loan book, including CRE. The average ticket size of incremental housing and non-housing loans is Rs. 25 lakh and Rs. 14 lakh, respectively.
- Net interest income (NII) grew by 18.8% YoY to Rs. 404cr. The net interest margin (NIM) expanded by 38bps to 4.02% sequentially.
- PAT grew by 18.9% YoY to Rs. 251cr in Q2FY26, reflecting strong operational performance despite an increase in provisions.
- Asset quality experienced slight improvement, with GNPA/NNPA declining to 0.94%/0.48% from 0.98%/0.54% in Q2FY26. The company's credit cost remained very low, with provisioning largely limited to new growth, highlighting effective risk management and strong underwriting standards.

Outlook & Valuation

Can Fin Homes' continued focus on expanding customer touchpoints and strengthening its sales team is expected to drive growth through its direct sourcing channel. Credit costs remained low at ~15 bps, underscoring prudent risk management and stable asset quality. **ROA and ROE are projected to remain steady at 2.2% and 16.9%, respectively, over FY26–27. We therefore assign an Accumulate rating on the stock with a revised target price of Rs.1,015, based on 2x FY27E BVPS.**

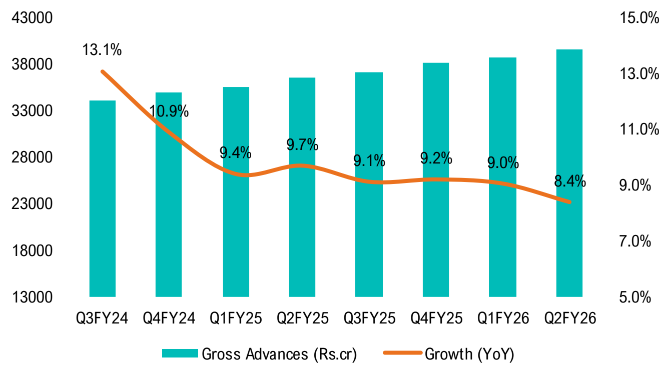
Quarterly Financials (Standalone)

Rs cr	Q2FY26	Q2FY25	YoY(%)	Q1FY26	QoQ(%)	H1FY26	H1FY25	YoY(%)
Net Interest Income (NII)	405	340	*19.1*	363	*11.5*	767	661	*16.1*
Total Income	411	347	*18.3*	372	*10.4*	783	676	*8.4*
Expenditure	76	59	*28.4*	68	*11.8*	144	108	*33.5*
Pre-Provision Profit	335	288	*16.3*	304	*10.1*	639	567	*12.5*
Provision	3	14	*-77.7*	26	*-88.3*	29	38	*-23.3*
PBT	332	274	*21.0*	278	*19.4*	609	529	*15.1*
Reported PAT	251	211	*18.9*	224	*12.3*	475	411	*15.6*
Adj. PAT	251	211	*18.9*	224	*12.3*	475	411	*15.6*
Diluted EPS (Rs)	19	16	*18.9*	17	*12.3*	36	31	*15.6*

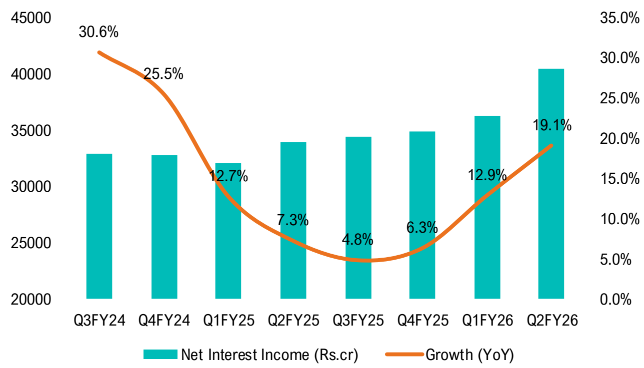
Key Highlights

- In Q2FY26, Can Fin Homes achieved a historic milestone by reaching Rs. 2,500cr in disbursements for the first time ever in a second quarter, following strong performance in Q1, and both Karnataka and Telangana markets, which had faced challenges earlier, have now returned to positive growth, particularly after regulatory clarifications around property documentation in Karnataka.
- The company is aggressively expanding its branch network, having already opened 29 new branches primarily focused on improving geographic reach in North, East, and West zones, while cautiously expanding in Telangana and Karnataka.
- The overall delinquency amount declined by approximately Rs. 130 crore year-on-year to about Rs. 3,850 crore, reflecting improved credit monitoring and strengthened asset quality measures. Regionally, Telangana witnessed higher balance transfer outflows, largely due to prior restructuring measures and intensifying competition, while performance in other states remained broadly stable.
- The management's FY28 outlook projects AUM growth of 12–13% in FY26, accelerating to 15% in FY27 and FY28, supported by continued product diversification and geographic expansion.

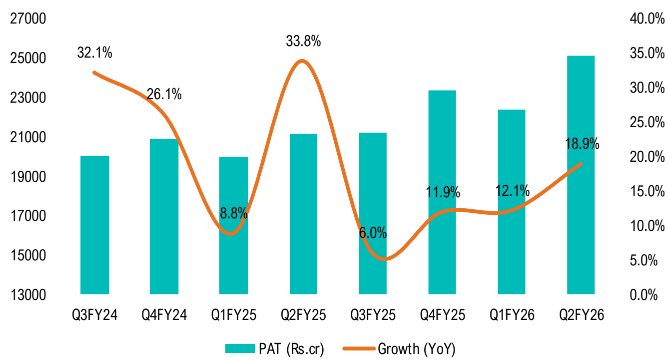
Gross Advances



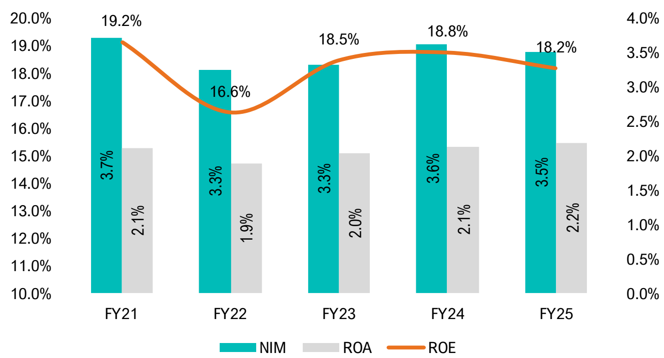
Net Interest Income



PAT



Other Metrices



Change in Estimates

	Old Estimates		New Estimates		Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Net Interest Income	1,533	1,690	1,562	1,712	*1.9*	*1.3*
Net Interest Margin	3.5	3.5	3.6	3.5	*14bps*	*2bps*
Pre-Provision Profit	1,301	1,445	1,318	1,447	*1.3*	*0.1*
Net Profit	938	1044	983	1076	*4.7*	*3.0*
Diluted EPS (Rs)	70.5	78.4	73.8	80.8	*4.7*	*3.0*

Standalone Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest Income	2,715	3,490	3,843	4,203	4,688
Interest Expense	1,701	2,231	2,488	2,640	2,975
Net Int. Income	**1,015**	**1,258**	**1,354**	**1,562**	**1,712**
% Change	*24.3%*	*24.0%*	*7.6%*	*15.3%*	*9.6%*
Non Int. Income	28	35	37	31	30
Total Income	1,042	1,293	1,391	1,593	1,743
Operating Expenses	176	217	238	275	296
Pre Prov. Profit	**866**	**1,076**	**1,153**	**1,318**	**1,447**
% Change	*26.9%*	*24.3%*	*7.2%*	*14.3%*	*9.7%*
Prov. & Conting.	42	118	76	64	73
PBT	**824**	**958**	**1,077**	**1,255**	**1,374**
% Change	*29.8%*	*16.2%*	*12.5%*	*16.5%*	*9.5%*
Tax	203	207	220	272	298
Tax Rate	25%	22%	20%	22%	22%
Reported PAT	621	751	857	983	1,076
Adj*	-	-	-	-	-
Adj. PAT	**621**	**751**	**857**	**983**	**1,076**
% Change	*31.9%*	*20.8%*	*14.2%*	*14.6%*	*9.5%*
No. of shares (cr)	13.3	13.3	13.3	13.3	13.3
EPS (Rs)	**46.7**	**56.4**	**64.4**	**73.8**	**80.8**
% Change	*31.9%*	*20.8%*	*14.2%*	*14.6%*	*9.5%*
DPS (Rs)	3.0	4.0	10.0	11.0	12.0

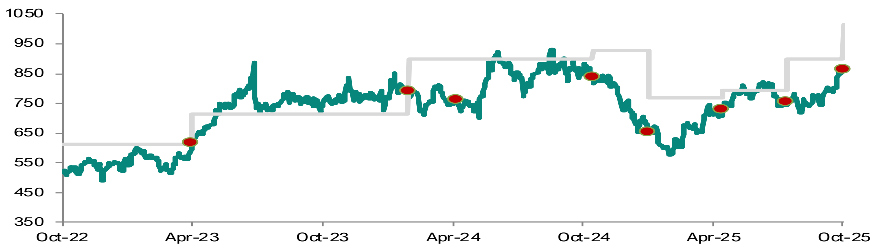
Balance Sheet

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	2	1	1	2	2
Loans & Advances	31,193	34,553	37,696	42,277	48,263
Investments	1,459	1,459	2,374	2,657	3,058
Net Fixed Assets	45	53	50	67	75
Def. Tax (Net)	48	66	69	54	45
Other Assets	322	882	776	858	980
Total Assets	**33,070**	**37,014**	**40,967**	**45,916**	**52,423**
Deposits	435	218	187	256	288
Debt Funds	28,633	31,645	34,864	38,831	44,255
Other Liabilities	321	748	792	860	993
Provisions	34	59	57	65	68
Equity Capital	27	27	27	27	27
Reserves & Surplus	3,621	4,317	5,041	5,877	6,793
Shareholder's Funds	3,647	4,344	5,067	5,904	6,819
Total Liabilities	**33,070**	**37,014**	**40,967**	**45,916**	**52,423**
BVPS (Rs)	**274**	**326**	**381**	**443**	**512**
% Change	*18.9%*	*19.1%*	*16.7%*	*16.5%*	*15.5%*
Adj. BVPS (Rs)	266.3	315.8	368.4	428.5	494.0
% Change	*19.1%*	*18.6%*	*16.7%*	*16.3%*	*15.3%*

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
Interest yield (%)	8.9	10.0	10.0	9.8	9.6
Cost of funds (%)	6.3	7.3	7.4	7.1	7.1
Spread(%)	2.6	2.7	2.5	2.7	2.5
NIM (%)	3.3	3.6	3.5	3.6	3.5
ROE (%)	18.5	18.8	18.2	17.9	16.9
ROA(%)	2.0	2.1	2.2	2.3	2.2
Business Growth					
Loans & Advances (%)	18.1	10.9	9.2	11.7	14.2
Borrowings (%)	18.5	10.5	10.2	11.4	14.0
Operating Ratios					
Cost to Income (%)	16.9	16.8	17.1	17.3	17.0
Capital Adequacy					
CAR (%)	22.3	33.4	34.4	29.1	28.9
Asset Quality					
GNPA (%)	0.6	0.8	0.9	0.9	0.9
NNPA (%)	0.3	0.4	0.4	0.4	0.4
Valuation					
P/E (x)	18.5	15.3	13.4	11.7	10.7
P/B (x)	3.2	2.6	2.3	1.9	1.7
Adj. P/B (x)	3.2	2.7	2.3	2.0	1.7

Recommendation Summary (last 3 years)



Dates	Rating	Target
25.Oct.22	Accumulate	611
28.Apr.23	Accumulate	714
27.Feb.24	Accumulate	900
06.May.24	Buy	900
11.Nov.24	Accumulate	929
30.Jan.25	Accumulate	767
12.May.25	Accumulate	794
11.Aug.25	Buy	900
31.Oct.25	Accumulate	1,015

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	**Upside is above 10%**	**Upside is above 15%**	**Upside is above 20%**
Accumulate	**-**	**Upside is between 10%-15%**	**Upside is between 10%-20%**
Hold	**Upside is between 0% - 10%**	**Upside is between 0%-10%**	**Upside is between 0%-10%**
Reduce/sell	**Downside is more than 0%**	**Downside is more than 0%**	**Downside is more than 0%**
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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GRIEVANCES

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