



CanFinHomes Ltd

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

NBFC

COMPANY DETAILS

Market cap:	Rs. 12,428 cr
52-week high/low:	Rs. 970 / 559
NSE volume: (No of shares)	2.45 lakh
BSE code:	511196
NSE code:	CANFINHOME
Free float: (No of shares)	8.4 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	30.0
FII	13.2
DII	24.7
Others	32.1

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-0.4	16.5	14.2	34.8
Relative to Sensex	1.6	17.3	12.9	26.2

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 933**

Price Target: **Rs. 1,100**

Quick Snapshot

- Disbursement grew strongly by 45.1% y-o-y and 7.2%, q-o-q. However, AUM grew by a mere 9.5% due to higher prepayments/BTs.
- NIM (as a % of AUM) rose by 43/6 bps (y-o-y/q-o-q) to 4.14% due to lower cost of funds, as the company have not fully transmitted the benefit of rate cuts.
- PAT, in line with estimates, rose by 24.8% y-o-y and 5.3% q-o-q due to NIM expansion. RoA rose by 30/9 bps y-o-y/q-o-q to 2.55%.
- We maintain a Buy rating on the stock with a revised PT of Rs. 1,100, valuing it at 1.8x of FY2028E BV.

Result overview

- Net interest income (NII), in line with estimates, grew by 22.1% y-o-y and 4.01% q-o-q to Rs. 421 crore. NIM (as a % of AUM) expanded by 43/6 bps (y-o-y/q-o-q) to 4.14% due to lower cost of funds. This increase was attributed to a timing difference, as rate benefits received in October were passed on to customers from December 1.
- Opex expanded by 15/2 bps (y-o-y/q-o-q) to 0.79% (as a percentage of AUM) due to a growth in employee expenses, as the company is going through IT transformation.
- PPoP, above estimates by 2.2%, grew by 20.6% y-o-y and 4.9%, q-o-q driven by NII growth and other income, however partially offset by higher opex. Other income grew 72% y-o-y and 59.9% q-o-q to Rs. 10 crore due to growth in fee income.
- Credit cost came in at 0.10% (as a % of AUM) down from 0.24% in Q3FY25 and up from 0.03% in Q2FY26.
- PAT, in line with estimates, rose by 24.8% y-o-y and 5.3% q-o-q, to Rs. 265 crore, almost reflection of PPOP growth.
- AUM saw growth of 9.5% y-o-y and 2.6% q-o-q to Rs. 40,693 crore. While disbursements grew 45.1% y-o-y and 7.2% q-o-q to Rs. 2,727 crore. AUM growth lagged industry growth due to higher prepayments/ balance transfer due to lower interest rates and annual reset of customers waiting for rate benefits.
- Asset quality was stable, with GNPA stood at 0.92% while net NPA came in at 0.49%.

Our Call

Strategic shifts toward higher-yielding non-home loans and self-employed segments are set to stabilize yields, while the ongoing IT transformation (to be completed by Q1FY27), which will catalyse AUM growth and cost efficiencies. Management expects disbursements to be at Rs. 10,500 crore for FY26 and AUM growth of 10-11% for FY26 and 15% for FY27. Asset quality to improve, hence Q4 credit costs are likely to be lower, and settle at 15 bps in FY2027. With steady margins, a disciplined funding mix and steady asset quality, the company is projected to achieve a 2.3% RoA and 16.9% RoE by FY27. Consequently, we maintain a Buy rating with a revised price target of Rs. 1,100, valuing the stock at 1.8x FY28E P/BV.

Key Risks

- Economic slowdown
- Higher prepayments/BT may impact guided growth and margin expansion
- Asset quality deteriorations

Valuation

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income	1,259	1,354	1,588	1,705	2,019
Net profit	751	857	1,007	1,054	1,255
EPS (Rs)	56.4	64.4	75.6	79.1	94.3
P/E (x)	16.5	14.5	12.3	11.8	9.9
P/BV (x)	2.8	2.5	2.1	1.8	1.5
RoE (%)	18.7	18.2	18.3	16.4	16.8
RoA (%)	2.2	2.2	2.4	2.2	2.3

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 19, 2026

Concall highlights

AUM & disbursements

- Management guided for disbursements of Rs. 3,200-3,300 crore for Q4FY26, meeting the annual target of Rs. 10,500 crores. With this, AUM is expected to reach Rs. 42,000 crores in FY26, reflecting an 11.4% growth, a bit lower than earlier expectation of 12-13% due to higher prepayments/balance transfers (BTs). Looking toward FY2027, management targets Rs. 13,500 crore in disbursements to drive 15% AUM growth.
- Zone-wise AUM growth for the current period shows North and West at 15%, Tamil Nadu above 15%, APN East at 11%, Karnataka at 8%, and Telangana remaining almost flat or slightly negative.
- Management eyes AUM growth of ~2 percentage points above the industry level, which is currently around 13%

NII & NIM

- Q3 margins saw a temporary uptick, with reported NIM rising to 4.14% and spreads to 2.93%, primarily driven by a timing lag in passing through rate benefits.
- Management anticipates stabilization, targeting a NIM of 3.75%–3.80% and spreads of 2.75-2.8% as rate transmissions conclude in January.
- To minimize future volatility, the company is aggressively transitioning 80–85% of its portfolio to quarterly resets by Q4 also repricing (lower side) of NHB and bank borrowings are expected to support NIMs.
- Long-term yield expansion is expected from an increased mix of non-housing loans, projected to reach 20% of AUM by FY2028 from current level of 14%. Besides, rising contribution of self-employed loans are expected to aid for the margin.
- Management noted that RBI's 125 basis points repo rate cut, with 50 basis points transmitted to customers through various rate benefits.

Asset quality and credit cost

- Company expects continued improvement in SMA 1 and SMA 2 metrics through Q4, supported by a projected reduction in NPAs. Consequently, management anticipates no additional provisioning requirements and foresees a potential reversal of existing provisions.
- Looking ahead, credit costs are guided to remain stable at 15 bps. This outlook reflects a robust recovery trend and strengthening asset quality, keeping credit costs lean as the new fiscal sets in.

Opex and IT transformation

- The management expects a 19.5% cost-to-income ratio in FY2027, the company is finalizing a vital IT overhaul to replace its legacy 2011 platform.
- The IT upgrade will automate manual workflows and enable digital onboarding, though a one-time disbursement impact of Rs. 250–300 crores is expected during the go-live month.
- The transformation includes the implementation of HRMS and is projected to enhance productivity by at least 20% through automation and process simplification

Branch expansion

- Company plans to expand to 300 branches by FY2028, opening 25 branches annually, primarily in North, West, Tamil Nadu, East, and Andhra Pradesh.

Results

Particulars						Rs cr
	Q3FY26	Q3FY25	y-o-y	Q2FY26	q-o-q	
Interest Income	1,063	980	8.4%	1,043		1.9%
Interest Expenses	642	636	1.0%	639		0.6%
NII	421	345	22.1%	405		4.1%
Other Income	10	6	71.9%	6		59.4%
Total Income	431	351	22.9%	411		4.9%
Opex	80	59	34.7%	76		4.8%
PPOP	351	291	20.6%	335		4.9%
P&C	10	22	-56.0%	3		217.0%
PBT	341	269	26.8%	332		3.0%
Tax	77	57	34.4%	80		-4.4%
PAT	264.8	212	24.8%	251.4		5.3%
AUM	40,693	37,155	9.5%	39,657		2.6%
Disbursements	2,727	1,879	45.1%	2,545		7.2%

Source: Company; Mirae Asset Sharekhan Research

Actual Vs Estimates

Particulars				Rs cr
	Q3FY26E	Q3FY26A	Variance (%)	
NII	415	421	1.5%	
PPOP	343	351	2.3%	
PAT	263	265	0.6%	

Source: Company; Mirae Asset Sharekhan Research

Key Metrics

Particulars						Rs cr
	Q3FY26	Q3FY25	y-o-y (bps)	Q2FY26	q-o-q (bps)	
NII as % of AUM	4.14%	3.71%	42.7	4.08%		5.7
Fee income % of AUM	0.10%	0.06%	3.6	0.06%		3.5
OpEx as % of AUM	0.79%	0.64%	14.7	0.77%		1.6
Prov as % of AUM	0.10%	0.24%	-14.3	0.03%		6.5
Tax Rate	0.75%	0.61%	13.9	0.81%		-5.6

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Canara Bank	29.99
2	Chattishgarh Investmnet Ltd	6.27
3	3 P India Equity	4.83
4	Axis AMC	3.21
5	Vanguard Group	2.62
6	SBI Life	2.49
7	ICICI Pru AMC	2.13
8	FIL Ltd	1.82
9	Sarda Energy & Mineral	1.80
10	Nippon Life AMC	1.66

Source: Bloomberg

Key management personnel

Name	Designation
MD & CEO	Suresh Srinivasan Iyer
CFO & ED	Abhishek Mishra
Chairman	K. Satyanarayana Raju

Source: Company Website

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