INSTITUTIONAL RESEARCH

HSIE Results Daily

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- **Can Fin Homes:** Can Fin Homes' (CANF) Q2FY26 earnings were ahead of our estimates, largely due to higher-than-expected NIMs (4%) and muted credit costs (3bps). NIMs reflated sharply, driven by lower cost of funds (-30bps QoQ) due to re-pricing of bank borrowings, while transmission on the asset side remained limited (25bps during FY26). However, AUM/disbursements growth remained tepid (+8.4%/+6.9% YoY) amidst moderation in overall housing demand and protracted issues in Karnataka and Telangana. While CANF remains upbeat about loan growth and margin prospects, led by branch additions (14 added in H1FY26), product and customer diversification (LAP, SENP segment, etc.), and increase in share of direct sourcing (currently at ~7%), tepid loan growth remains a key monitorable for any rerating. We revise our FY26/FY27E earnings estimates for higher NIMs offset by higher opex and maintain BUY with a revised RI-based target price of INR 915 (implying 1.7x Sep-27 ABVPS).

HSIE Research Team
hdfcsec-research@hdfcsec.com

Can Fin Homes

Strong on profitability, weak on growth

Can Fin Homes' (CANF) Q2FY26 earnings were ahead of our estimates, largely due to higher-than-expected NIMs (4%) and muted credit costs (3bps). NIMs reflated sharply, driven by lower cost of funds (-30bps QoQ) due to re-pricing of bank borrowings, while transmission on the asset side remained limited (25bps during FY26). However, AUM/disbursements growth remained tepid (+8.4%/+6.9% YoY) amidst moderation in overall housing demand and protracted issues in Karnataka and Telangana. While CANF remains upbeat about loan growth and margin prospects, led by branch additions (14 added in H1FY26), product and customer diversification (LAP, SENP segment, etc.), and increase in share of direct sourcing (currently at ~7%), tepid loan growth remains a key monitorable for any rerating. We revise our FY26/FY27E earnings estimates for higher NIMs offset by higher opex and maintain BUY with a revised RI-based target price of INR 915 (implying 1.7x Sep-27 ABVPS).

- **Reflating NIMs, muted credit costs drive strong profitability**: CANF's NIMs surprised positively, with ~38bps reflation QoQ, due to a decline in the cost of funds, which along with muted credit costs (3bps), drove RoA/RoE of 2.5%/18.4%. With limited transmission on the asset side (~59% of loans at annual reset; 25bps cut in benchmark lending rate), CANF expects NIMs to remain above 3.75%. Opex ratios were elevated (cost to income ratio at 19%), with addition of 14 branches in Q2 and ~133 employees in H1 and are likely to remain elevated with the ongoing tech transformation.
- **Improving asset quality**: GNPA/NNPA improved marginally to 0.94%/0.49% (Q1FY26: 0.97%/0.54%); with SMA1-2 at 5.2% (Q1FY26: 5.4%). Management expects delinquencies to further improve in H2 and are likely to deliver sub-15bps credit costs in FY26.
- **Growth pangs continue; new initiatives key monitorable:** CANF's loan growth continues to remain tepid since FY24, given several headwinds such as state-specific issues, moderation in demand, and limited expansion in distribution. Expansion in distribution (28 branches added during FY25-FY26) plus addition of direct sourcing channel and ongoing tech transformation in FY26 are likely to provide a fillip to the loan growth, although tech transformation could lead to some disruption in the near term.

Financial summary

Y/E Mar (INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	4.0	3.4	*19.1*	3.6	*11.5*	13.5	15.5	17.4	19.9
PPOP	3.3	2.9	*16.3*	3.0	*10.1*	11.5	13.1	14.5	16.7
PAT	2.5	2.1	*18.9*	2.2	*12.3*	8.6	9.7	10.7	12.3
EPS (INR)	18.9	15.9	*18.9*	16.8	*12.3*	64.4	72.5	80.6	92.0
ROAE (%)						18.2	17.6	17.0	16.8
ROAA (%)						2.2	2.2	2.2	2.2
ABVPS (INR)						367.5	425.2	489.0	562.4
P/ABV (x)						2.3	2.0	1.7	1.5
P/E (x)						13.1	11.7	10.5	9.2

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	428	427	-0.2%	489	488	-0.3%
NIM (%)	3.5	3.6	13 bps	3.4	3.6	12 bps
NII	15.0	15.5	3.0%	17.0	17.4	2.1%
PPOP	12.7	13.1	2.6%	14.3	14.5	1.4%
PAT	9.4	9.7	2.6%	10.6	10.7	1.5%
ABVPS (INR)	424.9	425.2	0.1%	487.6	489.0	0.3%

Source: Company, HSIE Research

BUY

CMP *(as on 20 Oct 2025)*	INR 838
Target Price	INR 915
NIFTY	25,843

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 900	INR 915
EPS %	FY26E	FY27E
	2.6%	1.5%

KEY STOCK DATA	
Bloomberg code	CANF IN
No. of Shares (mn)	133
MCap (INR bn) / ($ mn)	112/1,269
6m avg traded value (INR mn)	215
52 Week high / low	INR 898/559

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.6	17.8	(2.6)
Relative (%)	(0.6)	10.4	(6.5)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	30.0	30.0
FIs & Local MFs	24.5	23.9
FPIs	12.1	12.5
Public & Others	33.4	33.6
Pledged Shares	-	

Source: BSE

Pledged shares as % of total shares

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Ayush Pandit
ayush.pandit@hdfcsec.com
+91-22-6171-7366

Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

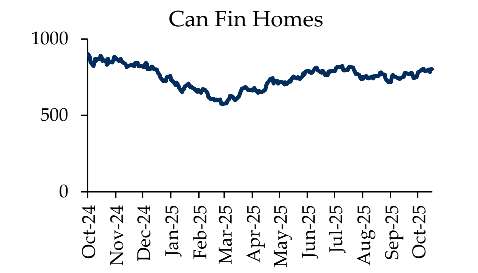
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Deepak Shinde	Can Fin Homes	PGDM	NO
Krishnan ASV	Can Fin Homes	PGDM	NO
Ayush Pandit	Can Fin Homes	CA	NO

1 Yr Price movement



Disclosure:

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HDFC Securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com