

Rating: ACCUMULATE | CMP: Rs938 | TP: Rs1,015

January 19, 2026

Q3FY26 Result Update

☒ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE	ACCUMULATE		
Target Price	1,015	1,015		
NII (Rs.)	18,284	20,559	17,837	20,880
% Chng.	2.5	(1.5)		
PPoP (Rs.)	15,410	17,386	15,152	17,914
% Chng.	1.7	(2.9)		
EPS (Rs.)	83.2	93.9	81.8	96.9
% Chng.	1.7	(3.1)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Int.Inc. (Rs m)	13,544	16,023	18,284	20,559
Growth (%)	7.6	18.3	14.1	12.4
Op. Profit (Rs m)	11,532	13,439	15,410	17,386
PAT (Rs m)	8,572	9,931	11,075	12,498
EPS (Rs.)	64.4	74.6	83.2	93.9
Gr. (%)	14.2	15.9	11.5	12.8
DPS (Rs.)	7.2	9.0	9.0	9.0
Yield (%)	0.8	1.0	1.0	1.0
Margin (%)	3.5	3.7	3.8	3.7
RoAE (%)	18.2	18.2	17.4	16.9
RoAA (%)	2.2	2.3	2.3	2.3
PE (x)	14.6	12.6	11.3	10.0
P/BV (x)	2.5	2.1	1.8	1.6
P/ABV (x)	2.5	2.2	1.9	1.6

Key Data

CNFH.BO CANF IN	
52-W High / Low	Rs.972 / Rs.559
Sensex / Nifty	83,246 / 25,586
Market Cap	Rs.125bn/ \$ 1,374m
Shares Outstanding	133m
3M Avg. Daily Value	Rs.269m

Shareholding Pattern (%)

Promoter's	29.99
Foreign	13.24
Domestic Institution	37.61
Public & Others	19.16
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.1	14.8	35.6
Relative	2.2	12.8	24.8

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Disbursements pick up; sustained margin outlook

Quick Pointers:

- Q3 disbursements pick up, expect 11% / 14% loan growth in FY26 / FY27E
- Margin outlook sustained; asset quality trend stable

3Q disbursements saw a pick-up with a positive run-rate in Karnataka/ Telangana. While loan book grew 10% YoY in Q3, we build a loan growth of 11%/14% in FY26/FY27E. Expect FY26/FY27E NIM to trend in line with guidance at 3.75%, aided by a lower cost of borrowing. Cost/income ratio is expected to be elevated at ~18% over FY26-28E due to investments in business transformation and expansion. We revise our FY26/ FY27E estimates upwards factoring in a positive margin trajectory. However, lower growth and elevated opex weigh on earnings. We value the stock at 2.0x Dec-27E P/ABV, resulting in a TP of Rs 1,015. Maintain ACCUMULATE.

- **Disbursement run-rate picking up:** Q3 disbursements picked up at Rs27.3bn (+45.1% YoY, +7.2% QoQ) on a low base as registration-related issues in Karnataka (E-Khata) and Telangana normalised. Consequently, the loan book grew by 10.2% YoY/ 3.2% QoQ to Rs409.5bn. Housing Loans/LAP and Mortgage/Top-up /Other loans contributed 84%/ 8%/ 2%/6% of the portfolio. The AUM mix for <1mn, 1-2mn, 2-3mn and >3mn ticket sizes stood at 12%/29%/28%/31% while the AUM mix in terms of salaried/non-salaried borrowers stood stable at 68:32. While 3Q AUM growth was impacted by higher prepayments (~Rs4bn), company expects to pick up the slack in Q4 and meet its FY26 disbursal target of Rs105bn. It plans to open ~25 new branches over the next year, with a disbursement run-rate of ~Rs135bn and a loan growth of ~15% in FY27. We build a loan growth of 11% in FY26 due to weak disbursement growth in H1FY26 (8% YoY); expect it to pick up to ~14% in FY27 and FY28E.
- **Guiding for NIM at 3.75%; opex to be elevated:** 3Q yields saw a flattish movement QoQ to 10.07%, while cost of borrowing stood at 7.14% (vs. 7.17% in 2Q). Consequently, reported spreads remained largely stable at 2.93% with a higher share of LAP/ self-employed. Company has passed off ~15 bps of rate benefit to customers (from 1st Jan 2026) and plans to raise NHB funding in Q4 (Rs10bn) at a subsidized rate of 6.3%. It reiterated its guidance to maintain spread/ NIM at 2.75% / 3.75% over the medium term; we see a similar margin trajectory, aided by a lower CoF. Cost/Income ratio improved to 18.5% vs. 18.6% in 2QFY26; however company expects to incur additional cost of ~1% due to overhauling of IT infrastructure in FY27E. We expect opex to be elevated over the medium-term (C/I ratio of ~18% over FY26-28E) on account of the addition of new branches/ manpower and business transformation expense.
- **Asset quality stable; SMA-0 balance has improved:** Asset quality was largely stable in Q3FY26 with GNPA/NNPA at 0.92%/0.49% vs. 0.94%/0.48% in Q2FY26. SMA-0 saw an improvement QoQ while company expects an improvement in SMA-1/ SMA-2 and reversal in provisions due to annual ECL reset in Q4FY26. The company continues to maintain a management overlay of Rs590mn as a cautious measure and we build a credit cost of ~13bps in FY27E.

January 19, 2026

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Exhibit 1: Q3FY26 Result Overview (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
NII	4,210	3,447	22.1	3,910	7.7	4,046	4.0	11,883	10,059	18.1
<i>Spread (%) (calc)</i>	4.0	3.5	44bps	3.7	29bps	3.9	5bps	2.8	2.6	19bps
Other Income	100	58	71.9	67	49.5	63	59.4	256	139	84.7
Net Revenue	4,310	3,506	22.9	3,977	8.4	4,109	4.9	12,139	10,198	19.0
Opex	799	593	34.7	667	19.8	762	4.8	2,243	1,611	39.2
PPOP	3,511	2,913	20.6	3,310	6.1	3,347	4.9	9,897	8,587	15.3
Provisions	97	221	(56.0)	443	(78.0)	31	216.9	391	603	(35.3)
PBT	3,414	2,691	26.8	2,868	19.0	3,316	3.0	9,506	7,983	19.1
Tax	766	570	34.4	473	61.8	802	(4.4)	2,105	1,751	20.2
<i>ETR (%)</i>	22.4	21.2		16.5		24.2		22.1	21.9	
PAT	2,648	2,121	24.8	2,394	10.6	2,514	5.3	7,401	6,233	18.7
Business Metrics										
AUM	409,464	371,550	10.2	410,189	(0.2)	396,570	3.3	409,464	371,550	10.2
Borrowings	369,150	334,540	10.3	367,994	0.3	361,066	2.2	369,150	334,540	10.3
Asset Quality Metrics										
GNPA (%)	0.92	0.92	0bps	NA	NA	0.94	2bps	0.92	0.92	0bps
NNPA (%)	0.49	0.50	1bps	NA	NA	0.48	-1bps	0.49	0.50	1bps
PCR (%)	46.7	45.7	109bps	NA	NA	48.9	-220bps	46.7	45.7	109bps

Source: Company, PL

Exhibit 2: Change in Estimates

(Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net interest income	16,023	18,284	20,559	15,659	17,838	20,880	2.3	2.5	-1.5
Operating profit	13,439	15,410	17,386	13,222	15,152	17,914	1.6	1.7	-2.9
Profit after tax	9,931	11,075	12,498	9,665	10,888	12,901	2.8	1.7	-3.1
BVPS (Rs)	440	514	599	444	517	605	0.5	0.7	0.1

Source: PL

Q3FY26 Concall Highlights

Growth

- AUM was impacted by higher prepayments and loan closures amounting to Rs16.9bn, resulting in a ~Rs4bn drag on AUM growth in Q3FY26
- Q4 disbursements are expected at Rs32-33bn; management guided of reaching Rs105bn of disbursements in FY26 with AUM projected at Rs420bn+ implying ~11% growth in FY26
- Management expects ~15% growth in AUM in FY27 with disbursements of ~Rs135bn. Prepayments and loan closures are estimated at Rs70bn resulting in a net loan book increase of Rs60bn
- The branch network is expected to reach ~300 branches by FY28 with around 25 branches planned to be added each year over the next two years
- Presently ~90 marketing executives generate ~Rs2.5bn of business per month. The marketing team is expected to scale to 150 executives by FY27 and 250 executives by FY28
- LOS/LMS implementation is scheduled for Q1FY27, hence, there will be no impact from IT migration in Q4; Management expects a downtime of ~3-4 days during implementation resulting in an estimated business impact of ~Rs2.5-3bn

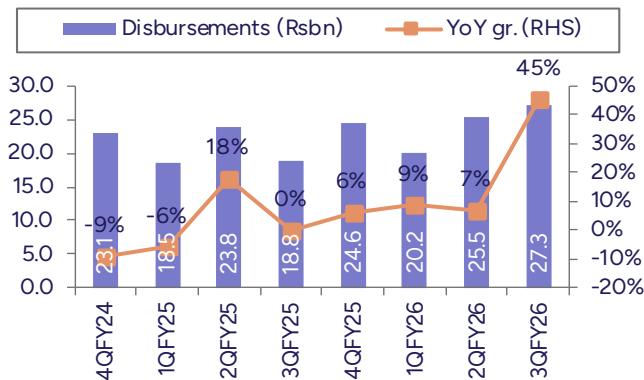
Operating profitability

- The company has passed on a 10bps rate benefit in Q3 to existing and new home loan customers with an additional 15bps benefit passed in January 2026; a total benefit of 50bps passed on to customers in 9MFY26
- Management expects NIMs to stabilize at ~3.75-3.80% while spreads are guided at ~2.75-2.80% over the medium term
- Management indicated that the bank term loan rates remain below 7% with long-term borrowings at ~6.92% and short-term borrowings at ~6.45% leading to a blended cost of ~6.8%.
- NHB borrowings carry a blended rate of ~6.3% with Rs10bn of sanctioned limits expected to be availed in Q4FY26

Asset quality

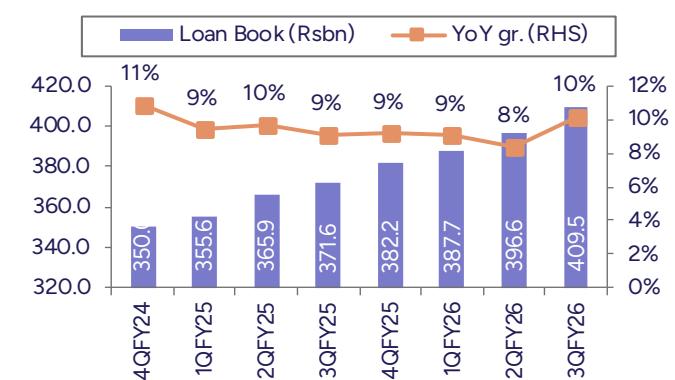
- GNPA is expected to remain below 1% as per management guidance.
- Credit cost is guided at ~15 bps with no stress expected in the coming year
- Management expects continued improvement in SMA 1 and 2 buckets; No incremental NPA provisioning is anticipated with reversals likely in Q4

Exhibit 3: Disbursement saw a pick-up (+45% YoY)



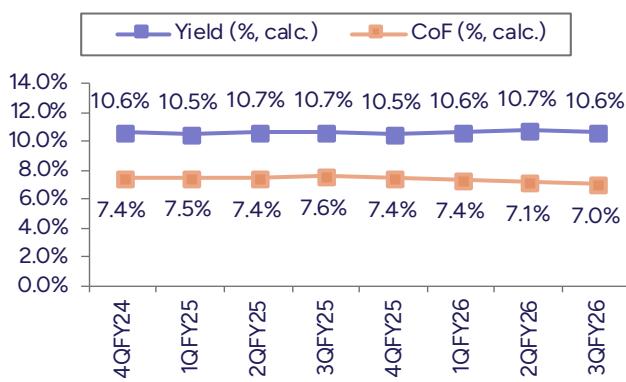
Source: Company, PL

Exhibit 4: Loan book grew 10% YoY to Rs409.5bn



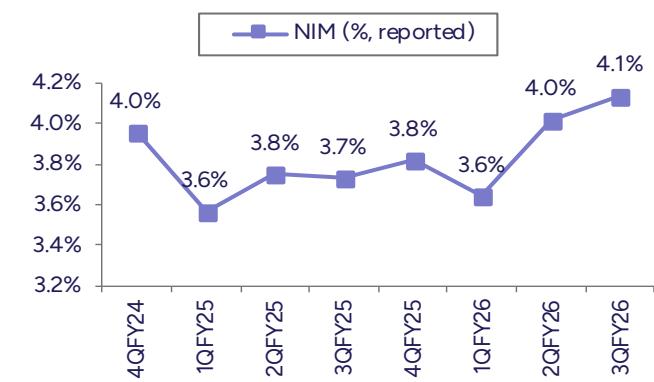
Source: Company, PL

Exhibit 5: Calc.Yield and CoF moderated sequentially ~10bps



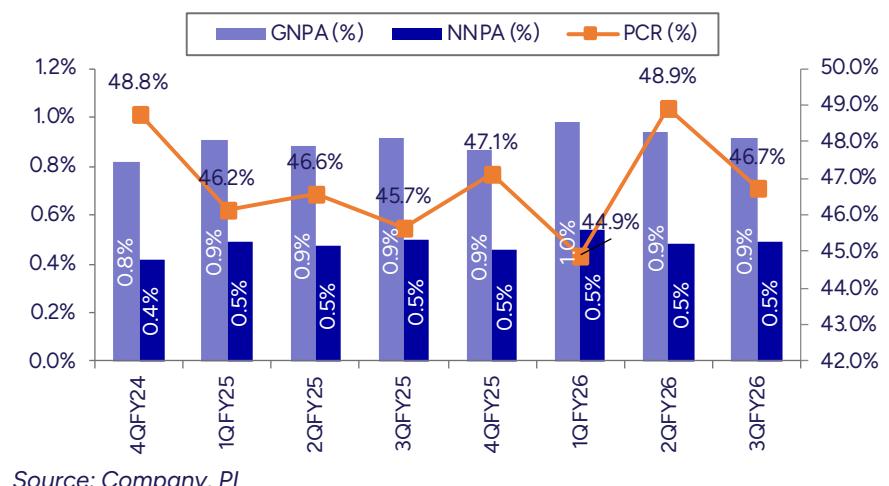
Source: Company, PL

Exhibit 6: Reported NIM saw an improvement of 12bps QoQ



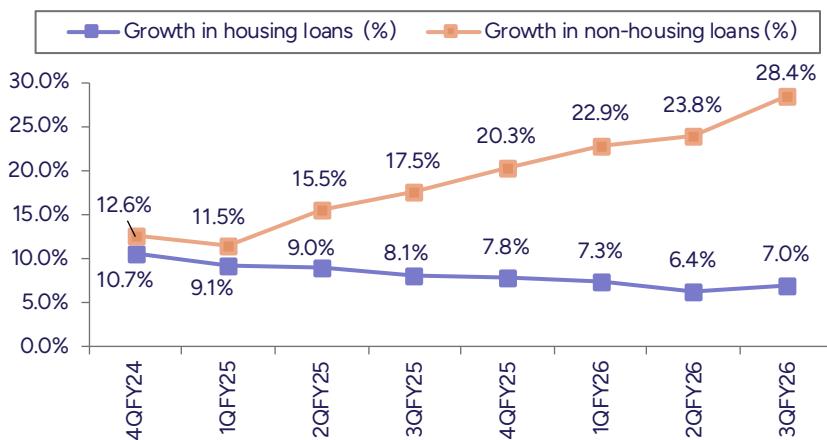
Source: Company, PL

Exhibit 7: Headline asset quality remains stable



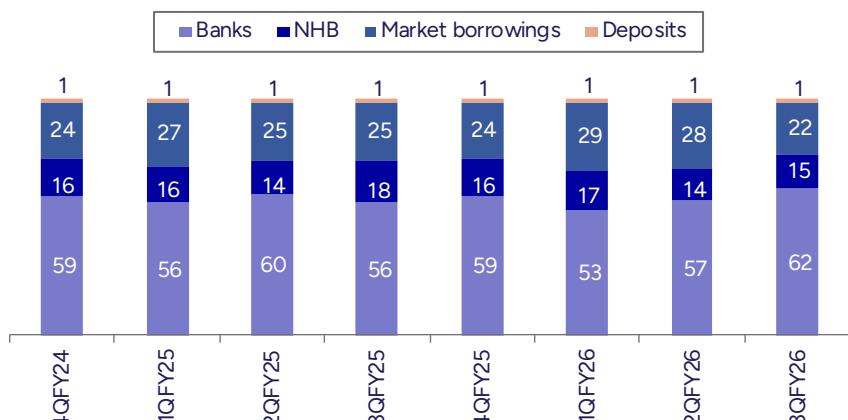
Source: Company, PL

Exhibit 8: Housing and non-housing loans see a steady growth



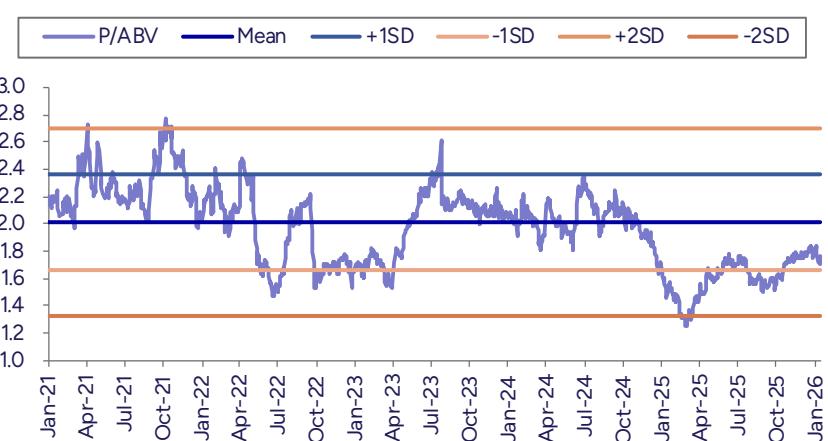
Source: Company, PL

Exhibit 9: Share of bank borrowings increases (%)



Source: Company, PL

Exhibit 10: One-year forward P/ABV of CANF trades at 1.8x



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Int. Inc. / Opt. Inc.	38,426	42,232	47,438	53,016
Interest Expenses	24,882	26,210	29,154	32,457
Net interest income	13,544	16,023	18,284	20,559
Growth(%)	7.6	18.3	14.1	12.4
Non-interest income	307	450	517	595
Growth(%)	52.3	46.5	15.0	15.0
Net operating income	13,851	16,472	18,801	21,154
Expenditures				
Employees	1,120	1,730	1,966	2,238
Other Expenses	1,070	1,168	1,282	1,381
Depreciation	129	135	142	149
Operating Expenses	2,319	3,033	3,391	3,768
PPP	11,532	13,439	15,410	17,386
Growth(%)	7.2	16.5	14.7	12.8
Provisions	758	553	610	684
Profit Before Tax	10,775	12,887	14,800	16,702
Tax	2,203	2,956	3,725	4,204
Effective Tax rate(%)	20.4	22.9	25.2	25.2
PAT	8,572	9,931	11,075	12,498
Growth(%)	14.2	15.9	11.5	12.8

Quarterly Financials (Rs. m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Int. Inc. / Operating Inc.	9,829	10,111	10,432	10,631
Income from securitization	-	-	-	-
Interest Expenses	6,343	6,483	6,386	6,422
Net Interest Income	3,485	3,628	4,046	4,210
Growth (%)	6.3	12.9	19.1	22.1
Non-Interest Income	168	93	63	100
Net Operating Income	3,653	3,721	4,109	4,310
Growth (%)	8.8	15.5	18.3	22.9
Operating expenditure	707	682	762	799
PPP	2,946	3,039	3,347	3,511
Growth (%)	-	-	-	-
Provision	154	263	31	97
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	2,792	2,776	3,316	3,414
Tax	452	538	802	766
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	16.2	19.4	24.2	22.4
PAT	2,339	2,239	2,514	2,648
Growth	12	12	19	25
AUM	3,82,170	3,87,730	3,96,570	4,09,464
YoY growth (%)	9.2	9.0	8.4	10.2
Borrowing	3,50,512	3,54,890	3,61,066	3,69,150
YoY growth (%)	10.0	9.4	6.9	10.3

Balance Sheet (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Source of funds				
Equity	266	266	266	266
Reserves and Surplus	50,409	58,336	68,213	79,513
Networth	50,675	58,603	68,479	79,779
Growth (%)	16.7	15.6	16.9	16.5
Loan funds	3,50,512	3,94,326	4,43,617	4,99,069
Growth (%)	10.0	12.5	12.5	12.5
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	61	61	61	61
Other Liabilities	8,425	2,100	2,696	7,669
Total Liabilities	4,09,673	4,55,090	5,14,854	5,86,578
Application of funds				
Net fixed assets	503	837	871	906
Advances	3,76,964	4,25,170	4,84,051	5,52,128
Growth (%)	9.1	12.8	13.8	14.1
Investments	23,740	21,688	22,181	24,953
Current Assets	3,086	5,924	6,220	6,996
Net current assets	3,077	5,915	6,211	6,987
Other Assets	5,380	1,471	1,531	1,594
Total Assets	4,09,673	4,55,090	5,14,854	5,86,578
Growth (%)	11.9	11.1	13.1	13.9
Business Mix				
AUM	3,82,170	4,25,170	4,84,051	5,52,128
Growth (%)	10.6	11.3	13.8	14.1
On Balance Sheet	3,82,170	4,25,170	4,84,051	5,52,128
% of AUM	100.00	100.00	100.00	100.00
Off Balance Sheet	-	-	-	-
% of AUM	-	-	-	-
Profitability & Capital (%)				
Y/e Mar	FY25	FY26E	FY27E	FY28E
NIM	3.5	3.7	3.8	3.7
ROAA	2.2	2.3	2.3	2.3
ROAE	18.2	18.2	17.4	16.9

Key Ratios

Y/e Mar	FY25	FY26E	FY27E	FY28E
CMP (Rs)	938	938	938	938
EPS (Rs)	64.4	74.6	83.2	93.9
Book value (Rs)	380.5	440.1	514.3	599.2
Adj. BV(Rs)	369.5	430.3	503.1	586.4
P/E(x)	14.6	12.6	11.3	10.0
P/BV(x)	2.5	2.1	1.8	1.6
P/ABV(x)	2.5	2.2	1.9	1.6
DPS (Rs)	7.2	9.0	9.0	9.0
Dividend Payout Ratio(%)	11.2	12.1	10.8	9.6
Dividend Yield(%)	0.8	1.0	1.0	1.0

Asset Quality

Y/e Mar	FY25	FY26E	FY27E	FY28E
Gross NPAs(Rs m)	3,280	2,976	3,388	3,865
Net NPA(Rs m)	1,476	1,310	1,491	1,701
Gross NPAs to Gross Adv.(%)	0.9	0.7	0.7	0.7
Net NPAs to net Adv.(%)	0.5	0.3	0.3	0.3
NPA coverage(%)	47.1	55.8	55.8	55.8

Du-Pont as a % of AUM

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII	3.5	3.7	3.8	3.7
NII INCL. Securitization	3.5	3.7	3.8	3.7
Total income	3.6	3.8	3.9	3.8
Operating Expenses	0.6	0.7	0.7	0.7
PPOP	3.0	3.1	3.2	3.2
Total Provisions	0.2	0.1	0.1	0.1
RoAA	2.2	2.3	2.3	2.3
Avg. Assets/Avg. net worth	8.2	7.9	7.6	7.4
RoAE	18.2	18.2	17.4	16.9

Source: Company Data, PL Research

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	Accumulate	1,015	927
2	20-Oct-25	BUY	950	838
3	08-Oct-25	BUY	875	805
4	22-Jul-25	BUY	875	813
5	09-Jul-25	BUY	860	816
6	25-Apr-25	BUY	860	723
7	08-Apr-25	BUY	860	660
8	21-Jan-25	BUY	860	708

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	BUY	1,700	1,470
2	Bajaj Finance	BUY	1,125	969
3	Can Fin Homes	Accumulate	1,015	927
4	Cholamandalam Investment and Finance Company	Accumulate	1,850	1,787
5	HDFC Life Insurance Company	BUY	900	761
6	ICICI Prudential Life Insurance Company	Accumulate	725	684
7	LIC Housing Finance	BUY	645	538
8	Mahindra & Mahindra Financial Services	Accumulate	375	360
9	Max Financial Services	BUY	1,925	1,672
10	SBI Life Insurance Company	Hold	1,950	2,067
11	Shriram Finance	BUY	1,150	996
12	Sundaram Finance	Hold	5,000	5,288

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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