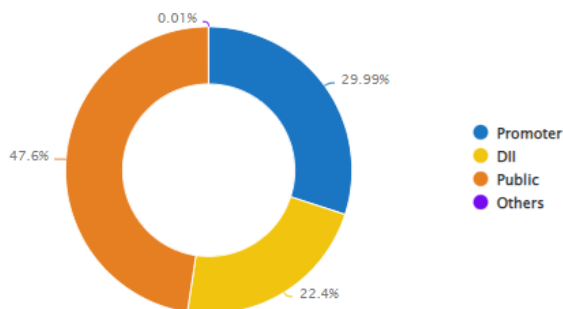


April 2022

VALUE PARAMETERS

Face Value (Rs.)	2.00
EPS (TTM)	33.8
52-Week High/Low	722/489
M.Cap (Rs. in Cr.)	8773
P/E Ratio (TTM)	19.4
Sector P/E	25.2
P/B Ratio (calc at CMP)	3.12
Dividend Yield (%)	0.31
Enterprise value	29440

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

	ACTUAL	FORECAST	
	FY Mar-21	FY Mar-22	FY Mar-23
NII (Rs. Cr)	798	790	940
NIM (%)	3.8	3.3	3.3
PPP (Rs Cr)	690	660	800
PAT (Rs Cr)	456	480	570
EPS	34.2	36	43
BVPS (INR)	196	230	271
P/E	19.2	18.2	15.3
P/B	3.4	3	2.4
ROE	19.2	17	17.2
Payout	5.8	6.1	5.1

Price performance over 1-year



Our Recommendation: The stock currently trades at 15x FY23 P/E and 2.4x FY23 P/B. Given the present scenario of recovery in economy after lockdown restrictions, company’s focus on tier-2 and tier-3 cities and dominance in Southern states, reducing cost of funds and robust loan book, the company will outperform in coming quarters. Thus, we recommend BUY in price range Rs. 620-640 with targetprice 750 (upside 20%).

Investment Rationale:

About Company: Can Fin Homes Ltd. is a public sector housing finance company which is promoted by Canara Bank. The company gives loans for construction of houses and for purchasing of flats or houses. The company also offers loan for acquiring a plot and construction of a house on the plot. The company also offers loan for the expansion of existing house and loan for the repairs, renovation and re-building of a house. Can Fin also provides CD, FD and schemes for senior citizens. The company’s main focus has been on providing loans to low- and middle-income individuals and first-time homebuyers, salaried or professional. The company is also increasing its base to self-employed professionals and non-professionals.

Q3FY22 results highlights:

- Net Sales is at Rs 508.27 crore in December 2021 up 1.1% from Rs. 502.72 crore in December 2020.
- Quarterly Net Profit is at Rs. 115.69 crore in December 2021 down 12.3% from Rs. 131.92 crore in December 2020.
- EBITDA stands at Rs. 454.47 crore in December 2021 down 3.15% from Rs. 469.24 crore in December 2020.
- EPS has decreased to Rs. 8.69 in December 2021 from Rs. 9.91 in December 2020.
- Net interest income fell by 2% YoY and increased by 7% QoQ.
- Disbursements rose by 123% YoY and 12% QoQ to Rs. 2,472 crores.
- Assets under management stood at Rs. 25,091 crores, up 20% YoY and 6% QoQ.
- GNPA and NNPA stood at 0.71% and 0.39% respectively.
- Credit cost stood at Rs. 16 crores in Q3FY2022 compared to Rs. 2 crores in Q3FY2021.

Industry Overview: Housing Finance activity is on path of revival and recovery as lifting of COVID restrictions and reopening of economy. According to ICRA report, HFC credit in India reported no growth in the COVID affected quarters but witnessed sharp recovery in Q2FY22 that improved loan book to an estimated Rs. 11.6 lakh crore. ICRA report also points out housing finance companies’ AUM will increase in range of 8-10% in FY22 and around 9-11% in FY23. Liquidity measures taken by RBI and declining cost of funds is benefiting housing finance industry. RBI has taken several measures in providing regulated structure to housing finance industry. These measures have improved affordability and increased sale of housing facilities in the mid income group.

Risks: Unfavorable monetary policy of RBI. Interest rate fluctuations. Increase cost of funds could affect margins.

Financials and Valuations

Income Statement (Rs. Cr)

Y/E March	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Interest Income	1044.4	1306	1490.6	1713.4	2018.9	2006.4
Interest Expense	743.5	884	981	1169.3	1344.2	1208.3
Net Interest Income	300.9	422	509.6	544.1	674.7	798
Change (%)	69.4	40.2	20.8	6.8	24	18.3
Other Income	39.1	47.1	31.4	17.9	11.5	12.1
Net Income	340.1	469.1	541	562.1	686.2	810.1
Change (%)	64.5	37.9	15.3	3.9	22.1	18
Operating Expenses	66.8	80.7	87.8	91.5	108	124
Operating Income	273.3	388.4	453.2	470.6	578.6	686.1
Change (%)	80.1	42.1	16.7	3.8	23	18.6
Provisions/write offs	19.4	18.8	22.1	1.1	60.3	68.5
PBT	253.9	369.6	431.1	469.5	518.3	617.6
Tax	96.8	134.9	144.9	172.8	142.2	161.5
Tax Rate (%)	38.1	36.5	33.6	36.8	27.4	26.2
Reported PAT	157.1	234.7	286.2	296.7	376.1	456.1
Change (%)	82.2	49.4	22	3.7	26.8	21.3
Proposed Dividend (incl. tax)	32.1	32.1	32.1	32.1	32.1	26.6

Balance Sheet (Rs Cr)

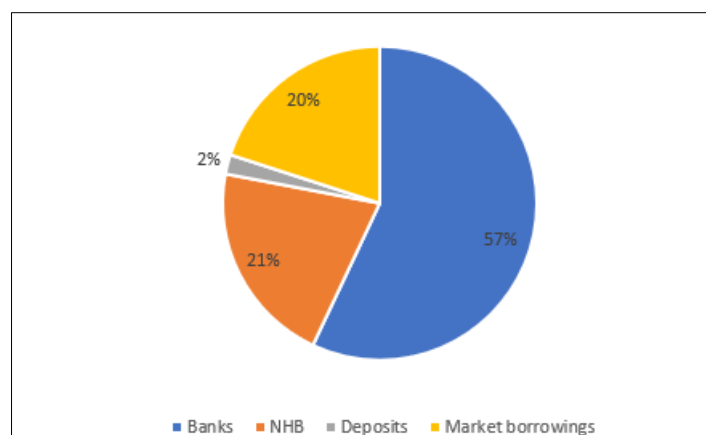
Y/E March	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Capital	26.6	26.6	26.6	26.6	26.6	26.6
Reserves & Surplus	851.4	1177.1	1460.4	1755.6	2123.4	2583.2
Net Worth	878	1203.7	1487	1782.2	2150.1	2609.8
Borrowings	9074	11867.5	13921	16797.4	18748.4	19292.9
Change (%)	23	30.8	17.3	20.7	11.6	2.9
Other liabilities	804	216.8	321.5	150	145.1	171
Total Liabilities	10756	13288	15729.5	18729.5	21043.6	22073.7
Loans	10714.6	13224.1	15644	18234.2	20525.7	21891.5
Change (%)	29.1	23.4	18.3	16.6	12.6	6.7
Investments	14.9	16	16	16.3	24.3	49.6
Change (%)	0	7.1	0	1.9	49.1	104.1
Net Fixed Assets	8.9	10.2	9.6	9.9	37.9	37.8
Other assets	17.5	37.7	60	469.2	455.7	94.8
Total Assets	10756	13288	15729.5	18729.5	21043.6	22073.7

Financials and Valuations

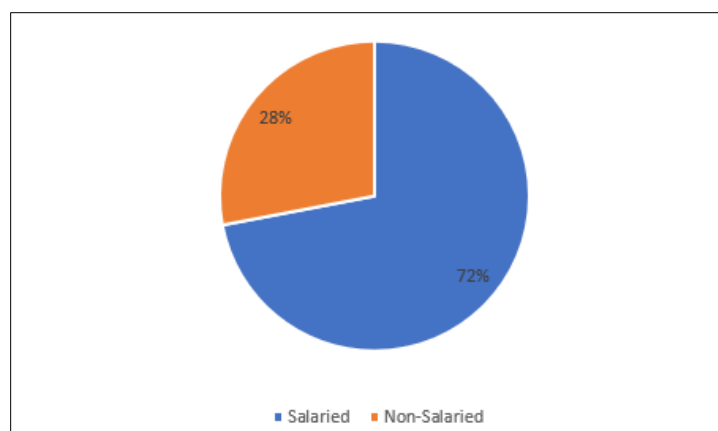
Key Ratios

Y/E March	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Return Ratios (%)						
Yield on advances	11	10.9	10.3	10.1	10.4	9.44
Cost of borrowings	9	8.4	7.6	7.6	7.6	6.35
Net Interest Margin	3.2	3.5	3.5	3.2	3.5	3.8
Profitability Ratios (%)						
ROE	19	22.5	21.3	18.2	19.1	19.2
ROA	1.6	2	2	1.7	1.9	2.1
C/I ratio	19.6	17.2	16.2	16.3	15.7	15.3
Asset Quality Ratios (%)						
GNPA	198	279	675	1,135	1,571	2,019
NNPA	0.2	0.2	0.4	0.6	0.8	0.9
PCR	0	0	316	795	1,118	1,343
Valuation Ratios						
Book Value (INR)	66	90.4	111.7	133.8	161.5	196
Price/BV (x)	10	7.3	5.9	4.9	4.1	3.4
EPS (INR)	11.8	17.6	21.5	22.3	28.2	34.2
EPS Growth	82.2	49.4	21.9	3.7	26.8	21.3
Price/Earnings (x)	55.7	37.3	30.6	29.5	23.3	19.2
Dividend per share (INR)	2	2	2	2	2	2
Dividend yield (%)	0.3	0.3	0.3	0.3	0.3	0.3

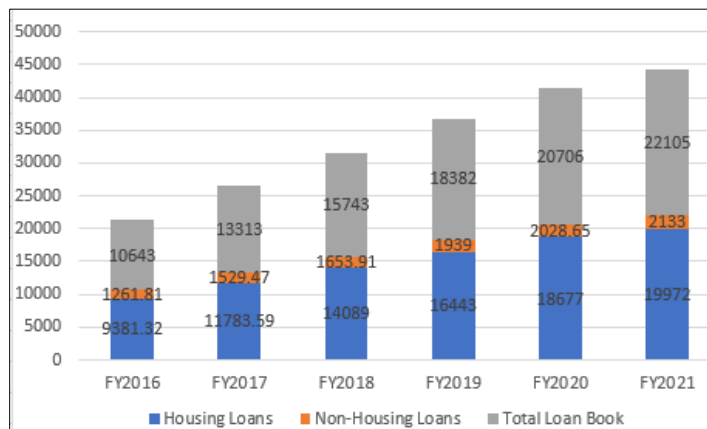
Funding Mix in March 2021



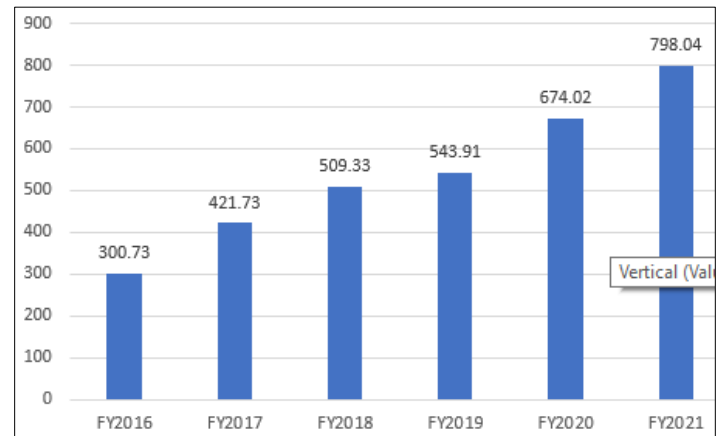
Loan Assets Category Wise in March 2021



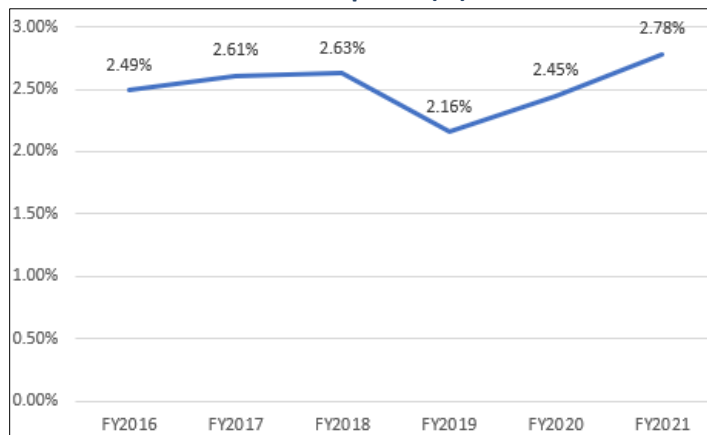
YOY loan book (Rs Cr)



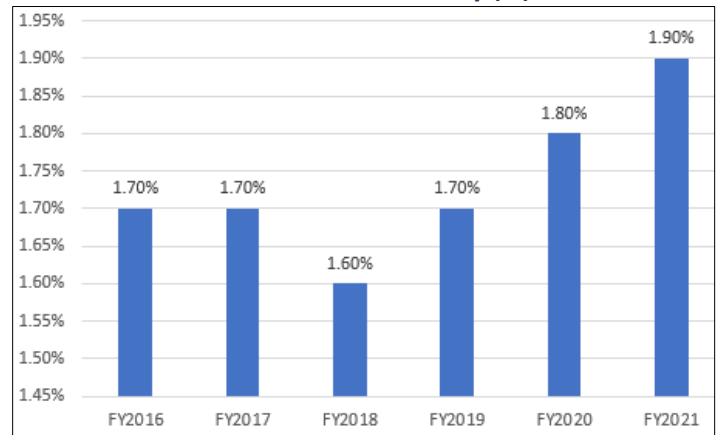
Net Interest Income (Rs Cr)



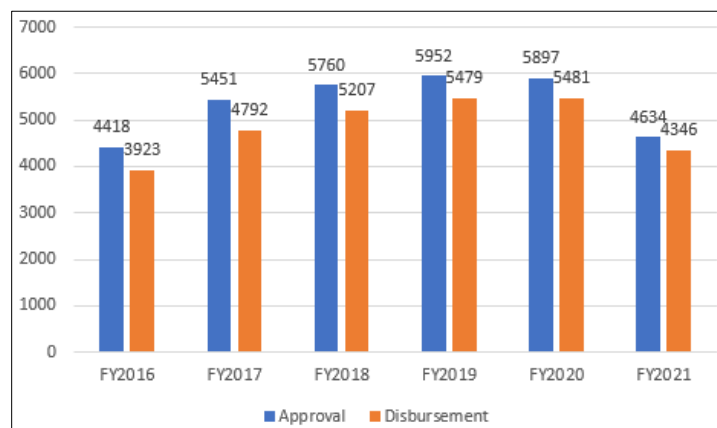
YoY Interest Spread (%)



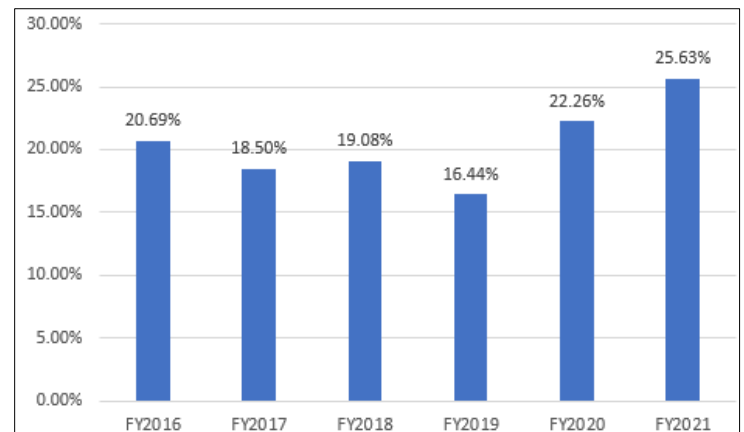
Can Fin Market share in Industry (%)



Loan approval & disbursement (Rs Cr)



Capital Adequacy Ratio (%)



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Disclosure:

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