

CMP - 611

52Wk H/L ₹ 952

₹ 611  
₹ 597

## About the Company

Can Fin Homes Ltd, incorporated in 1987, is a housing finance company promoted by Canara Bank. It primarily provides housing loans to individuals and professionals, focusing on the affordable and mid-segment housing market. Headquartered in Bengaluru, the company has a strong presence across India with a network of branches and satellite offices. Over the years, Can Fin Homes has built a reputation for its customer-centric approach, competitive interest rates, and strong asset quality.

## Latest Q3 FY25 Update

- In Q3 FY '25, Company reported a growth in **net profit** for the third quarter (Q3) of FY25, with a year-on-year (YoY) increase of 6%. The company's net profit stood at ₹212 crore compared to ₹200 crore in the same period last year.
- The company's **Net Interest Income (NII)** also showed a positive growth, rising by 4.3% YoY to ₹350.4 crore from ₹336 crore in the corresponding quarter of FY24.
- In terms of **total income from operations**, it saw a 9.4% increase to ₹986 crore up from ₹901 crore in the same quarter last year and a 2.5% growth compared to ₹962 crore in the previous quarter.
- However, the company saw a slight increase in its non-performing assets (**NPA**s), with the **gross NPA** ratio rising to **0.92% from 0.88%** in the previous quarter. Similarly, the **net NPA** ratio stood at **0.50%, up from 0.47%** in the previous quarter.

## Company Data

Enterprise Value (EV)	₹ 42,301 Cr.
Market Cap.	₹ 8,140 Cr.
Total Debt	₹ 33,790 Cr.
Cash Equivalents	₹458 Cr
Shares Outstanding	13.3 crores
Beta	1.2
EPS (TTM)	₹ 62.5
D/E Ratio	7.1
Div Yield	0.9%

## Key Ratios

PE Ratio (TTM)	9.79
Industry PE Ratio	18.3
PB Ratio	1.74
PEG Ratio	0.51

## Price Performance

3 months	-25%
6 months	-26%
1 Year	-23%
NIFTY50 1 Year Returns	9%



## Management Commentary And our Analysis

- **Overview of Can Fin Homes' Performance**

In Q3 FY '25, Can Fin Homes saw flat disbursements at INR 1,879 crores, missing the INR 2,300–2,400 crore target due to registration delays linked to e-khata in Karnataka. These issues led to an estimated INR 400 crore business loss, which the company attributes to government inefficiencies.

- **Disbursement and AUM Growth Outlook**

Despite Karnataka-related challenges, Can Fin Homes remains optimistic, with AUM growing 9% YoY. They aim for INR 12,000 crores in disbursements for FY '26, implying 15% AUM growth. The resolution of e-khata issues is key, with registrations improving from 45,000 to 125,000 recently.

- **Credit Cost and Asset Provisioning**

The company maintains a conservative 15 bps credit cost guidance for FY '24 and expects minimal provisioning in Q4 due to better collections.

- **Operational Efficiency and Cost Management**

An IT transformation project will start in Q3 FY '26, with CapEx of INR 60–75 crores and annual OpEx of INR 30–35 crores. While increasing costs initially, it aims to enhance loan origination and management efficiency.

- **Funding and Interest Rate Strategy**

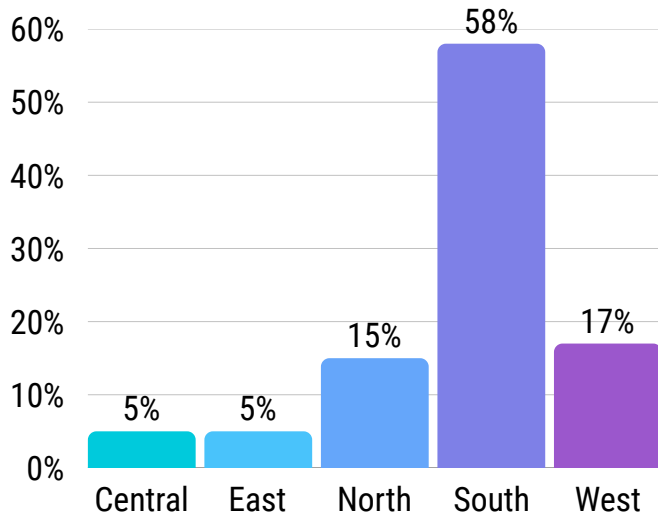
The shift to repo rate-linked loans has reduced borrowing costs, with long-term loan rates at 7.95–8.10%. Can Fin Homes expects to maintain a **3.5% NIM** and a 2.5% spread, positioning itself competitively in the housing finance sector.

## SHAREHOLDING PATTERN (%)

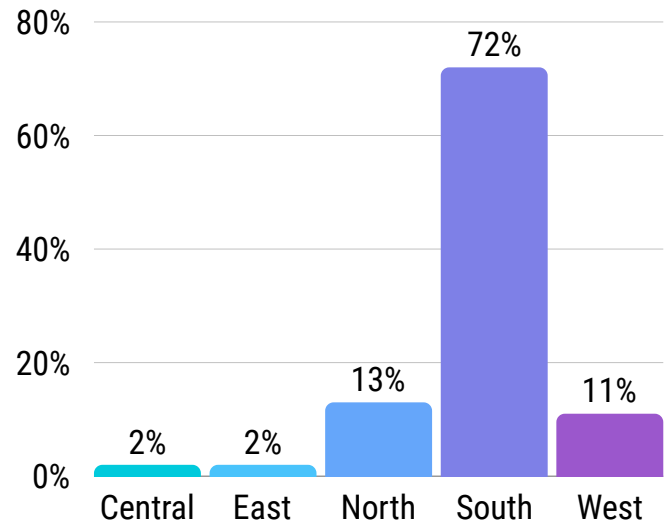
Shareholder Category	Mar 2021	Mar 2022	Mar 2023	Mar 2024	Dec 2024
Promoters	30.57%	29.99%	29.99%	29.99%	29.99%
FII's	0.44%	0.00%	10.35%	11.51%	11.41%
DII's	24.69%	24.80%	24.97%	27.88%	28.14%
Public	45.32%	45.21%	34.68%	30.60%	30.46%



Central East North South West



Branch Concentration



Loan Portfolio Concentration

**₹ 34999 Cr** (11% YoY)  
Total loan book

**2.53** lakh  
Clientele

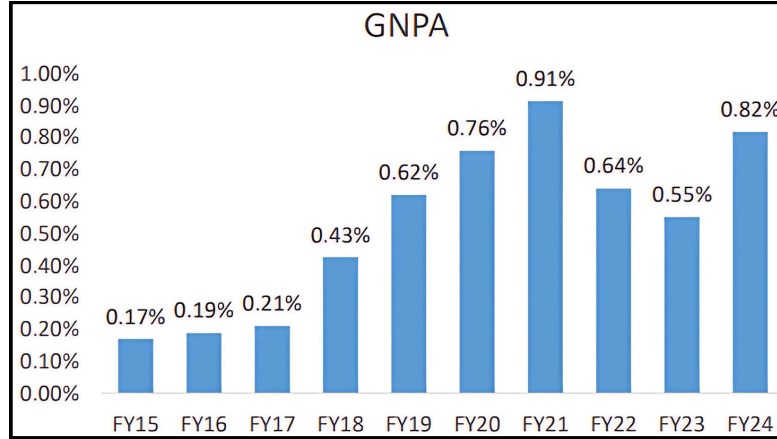
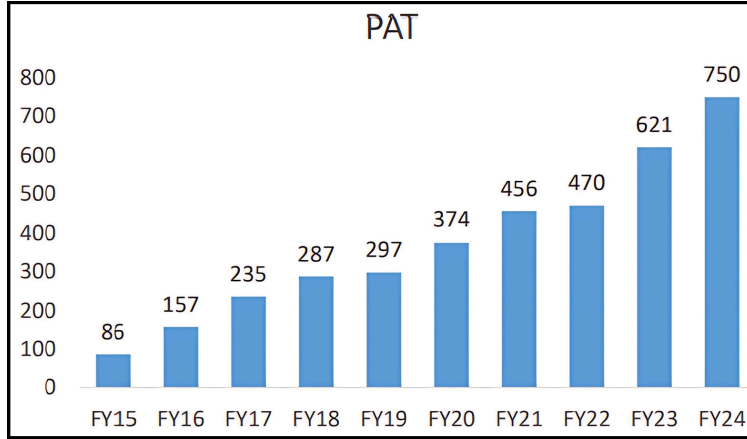
**3.73%**  
Net interest margin

## Key Risk Factor's

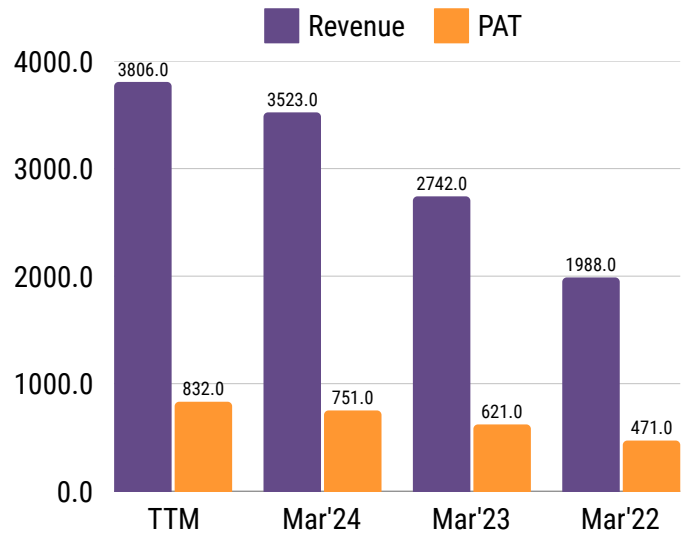
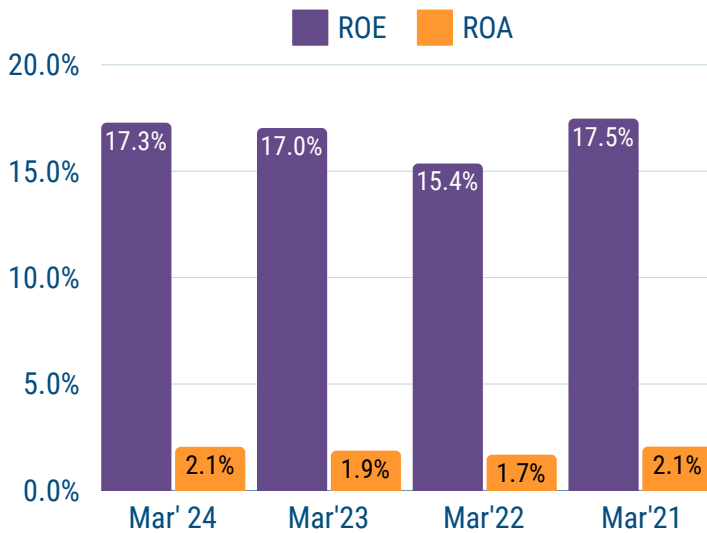
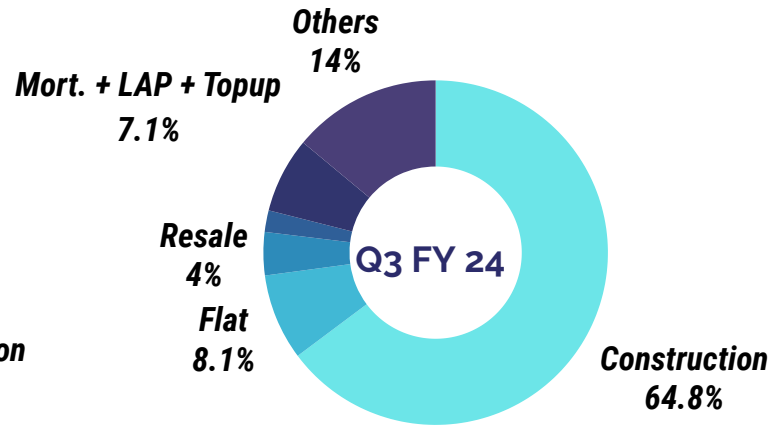
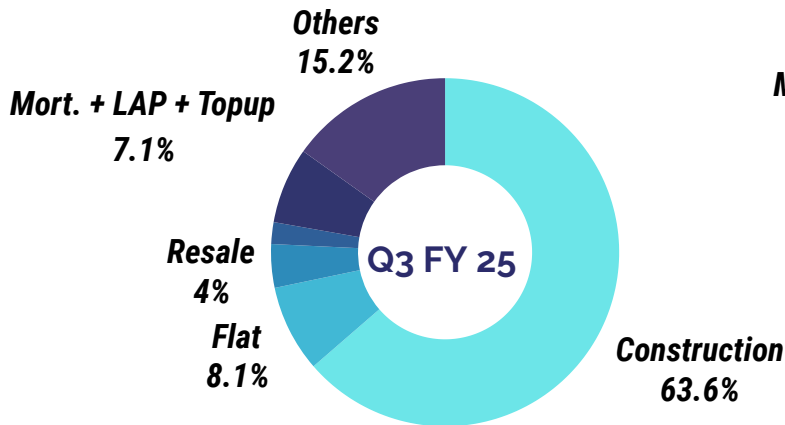
- > The change in banking sector dynamics, specifically the scaling back of bank financing to NBFCs and HFCs, could affect future borrowing costs.
- > Additionally, maintaining a stable asset quality in a fluctuating economic environment remains a challenge.
- > Changes in government policies affecting the housing finance sector and property registration processes can impact operational capabilities and market dynamics, potentially leading to reduced loan disbursements and increased compliance costs.



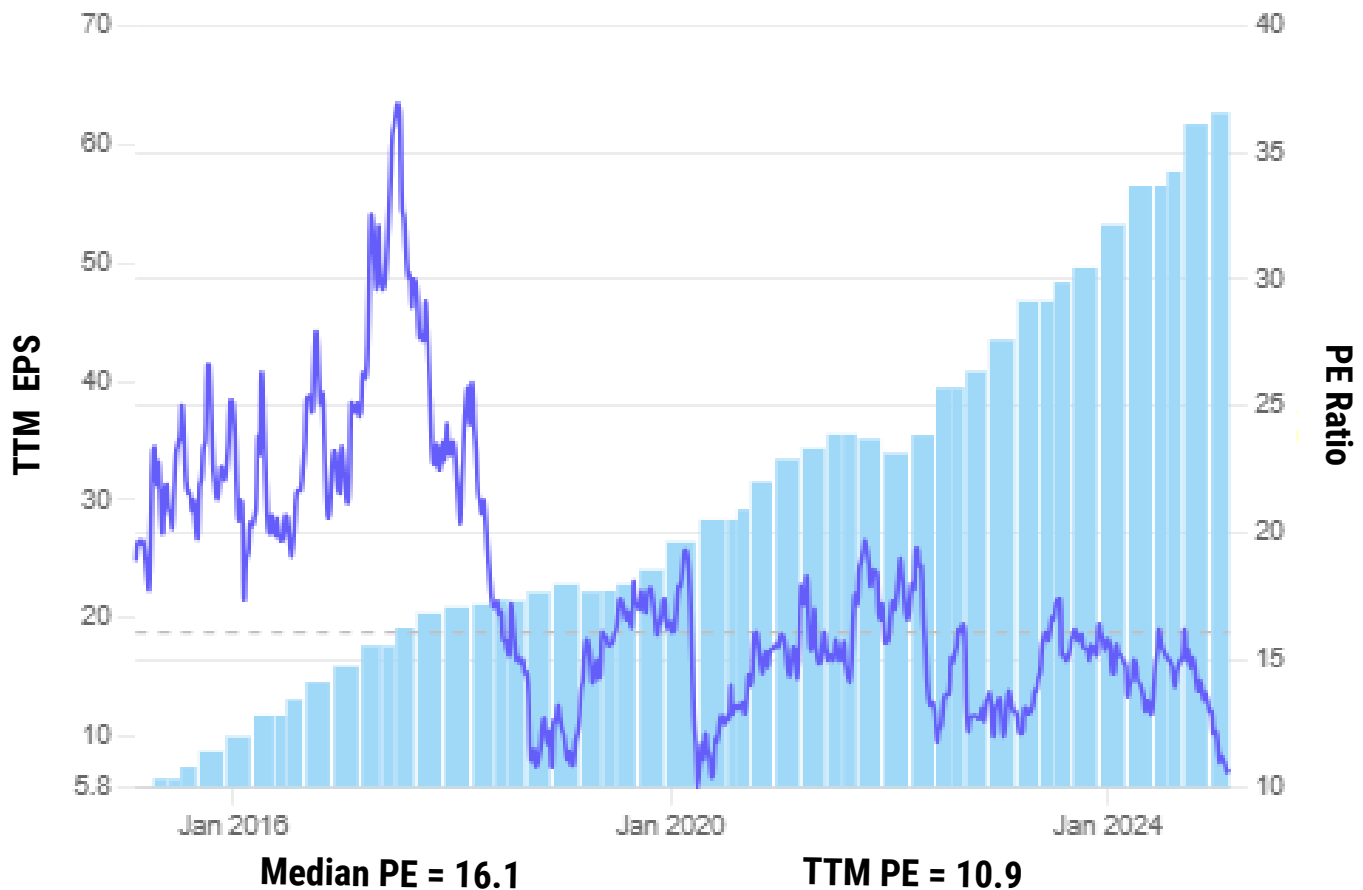
### Key Ratios



### PURPOSE WISE AUM Q3 FY 25 VIS-A VIS Q3 FY 24

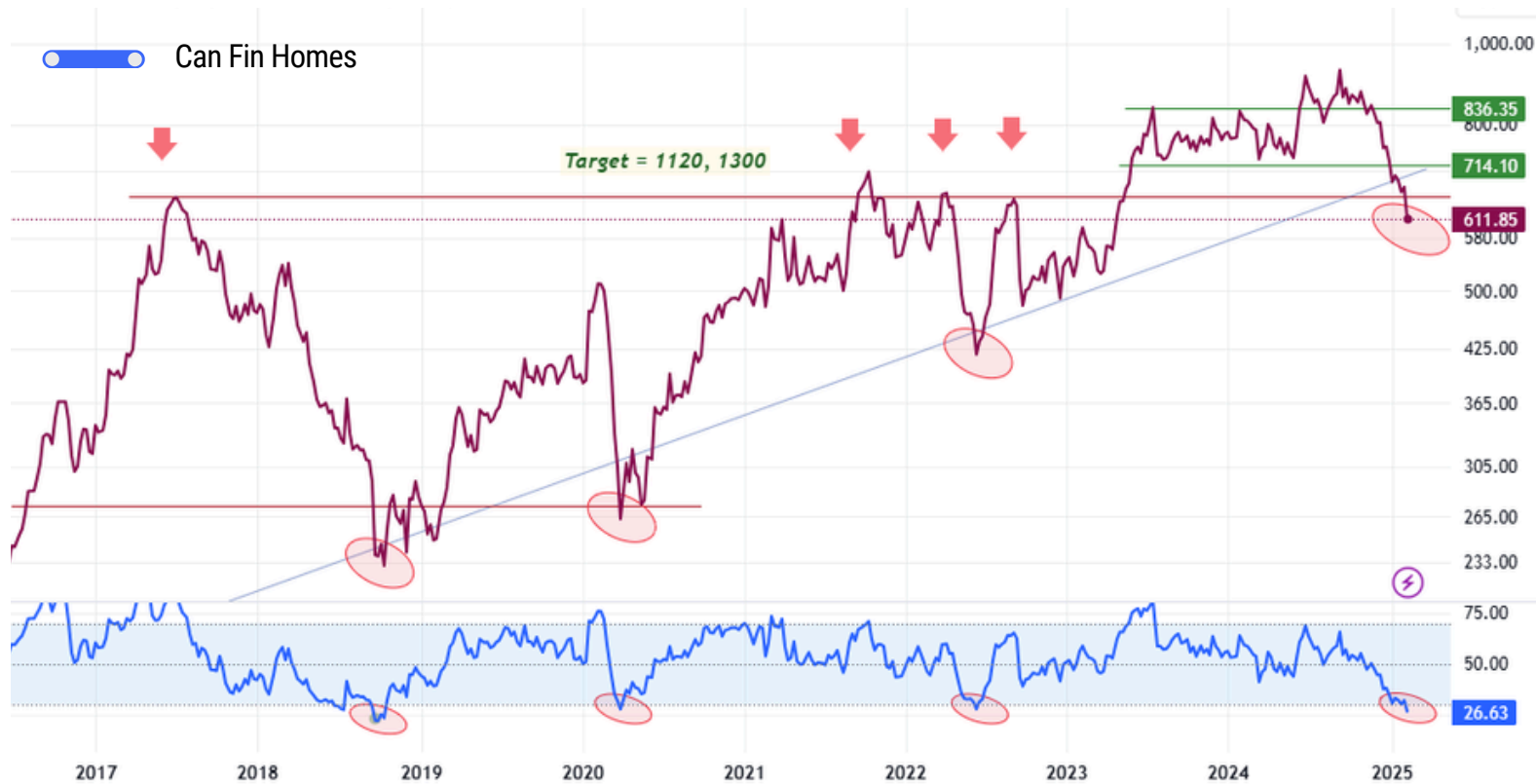


## Our Analysis on the “fundamental side” of the Company



- **Valuation:** Can Fin Homes Ltd. is currently trading at its lowest P/E multiple in a decade, at 9.8x, which is significantly below its median P/E of 16.
- **Growth vs. Price Movement:** Despite recording an impressive 20% annual profit growth, the stock price has increased by only 4% over the same period, suggesting that the market has not fully priced in the company's strong fundamentals.
- **PEG Ratio Analysis:** With a Price-to-Earnings Growth (PEG) ratio of 0.5, the stock appears undervalued. This further reinforces the fact that while the company's earnings have grown consistently over the last five years, the stock price has not kept pace with this growth.
- **Asset Quality:** Compared to industry peers, the company's Net NPA ratio of 0.5% suggests that its asset quality is well-managed and under control.
- **Interest Rate Impact:** The recent 25 bps rate cut by RBI and chances of more cuts can boost home loan demand and benefit housing finance companies.

# Our Analysis on the “Technical charts” of the Share Price



- **Past Bull Run & Correction:** The stock had a massive bull run from 2013 to 2017, surging from ₹35 to ₹650. This was followed by a six-year correction phase, which helped the stock consolidate its gains.
- **Multi Year Breakout :** In May 2023, the stock broke out of this correction, signaling a strong trend reversal.
- **Oversold on Weekly charts:** It is currently in the oversold zone on the weekly charts.
- **Historical Pattern & Bullish Setup:** Over the last 12 years, whenever the stock was in a downtrend and RSI fell below 30 on the weekly charts, it turned out to be a strong buying opportunity. In each of these cases, the stock delivered at least 70-80% returns within two years.

The stock now appears to be set for another bull run, as suggested by historical RSI data and confirmed by the multi year breakout coupled with Valuation comfort on the fundamental Side.



### Profit & Loss Statement

Particulars	Quarter Ended			Nine Months Ended		Year ended
	Dec-24	Sep-24	Dec-23	Dec-24	Dec-23	Mar-24
<b>Income from Operations:</b>						
- Interest Income	98032	95525	89484	285973	257815	348988
- Fees and Commission Income	580	723	639	1995	1808	3318
- Other Income	3	21	69	29	83	164
<b>Total Income from Operations</b>	<b>98615</b>	<b>96269</b>	<b>90193</b>	<b>287997</b>	<b>259705</b>	<b>352469</b>
<b>Expenditure:</b>						
- Finance Costs	63559	61550	56602	185382	164746	223139
- Fees and Commission Expense	592	798	612	2025	1946	2739
- Employee Benefit expense	2913	2885	2458	8129	7026	9687
- Depreciation and Amortisation	333	279	309	875	855	1271
- Provisions for Expected Credit Loss and Write offs	2213	1374	3081	6035	7702	7881
- Other Expenses	2092	1974	1563	5720	8672	11999
<b>Total Expenditure</b>	<b>71702</b>	<b>68860</b>	<b>64623</b>	<b>208165</b>	<b>190947</b>	<b>256716</b>
<b>Profit Before Tax</b>	<b>26,912</b>	<b>27,409</b>	<b>25,569</b>	<b>79,832</b>	<b>68,758</b>	<b>95,753</b>
- Tax Expenses	5700	6260	5555	17507	14591	20683
<b>Net Profit after Tax</b>	<b>21212</b>	<b>21149</b>	<b>20014</b>	<b>62325</b>	<b>54167</b>	<b>75070</b>
Paid-up equity share capital (FV Rs.2)	2663	2663	2663	2663	2663	2663
<b>Earnings Per Share (EPS) (of Rs.2/- each)</b>						
(a) Basic	<b>15.93</b>	<b>15.88</b>	<b>15.03</b>	<b>46.81</b>	<b>40.68</b>	<b>56.38</b>
(b) Diluted	<b>15.93</b>	<b>15.88</b>	<b>15.03</b>	<b>46.81</b>	<b>40.68</b>	<b>56.38</b>
	Not Annualised					Annualised



### Balance Sheet Summary

Particulars	Mar-23	Mar-24	Sep-24
Equity Capital	27	27	27
Reserves	3,621	4,317	4,675
Borrowings	29,068	31,863	33,790
Other Liabilities	355	395	695
<b>Total Liabilities</b>	<b>33,070</b>	<b>36,602</b>	<b>39,187</b>
Fixed Assets	45	53	44
CWIP	0	0	0
Investments	1,459	1,459	1,968
Other Assets	31,566	35,090	37,175
<b>Total Assets</b>	<b>33,070</b>	<b>36,602</b>	<b>39,187</b>

### Cash Flow Summary

Particulars	Mar-22	Mar-23	Mar-24
<b>1. Cash from Operating Activity</b>			
Profit from operations	793	975	1,052
Receivables	0	0	0
Payables	1	2	-3
Loans Advances	-4,534	-4,857	-3,439
Other WC items	-39	11	34
Working capital changes	-4,572	-4,844	-3,408
Direct taxes	-137	-175	-214
<b>Cash Flow from Operating activities</b>	<b>-3,916</b>	<b>-4,044</b>	<b>-2,570</b>
<b>2. Cash from Investing Activity</b>	<b>-1,380</b>	<b>-327</b>	<b>-170</b>
<b>3. Cash from Financing Activity</b>	<b>5,299</b>	<b>4,370</b>	<b>2,738</b>
<b>Net Cash Flow (1+2+3)</b>	<b>2</b>	<b>-1</b>	<b>-1</b>



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