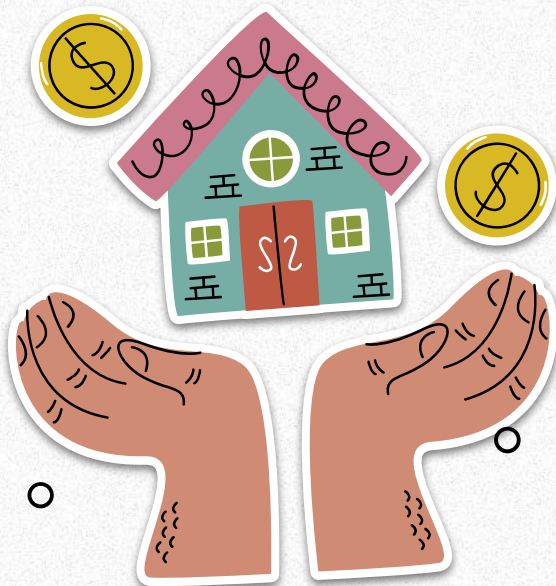


CAN FIN HOMES



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JULY 2024 NSE: CANFINHOME.NS
BSE: 511196 CMP: 891.00 BUY BELOW: 1000.00

ABOUT

Can Fin Home is a public deposit-taking housing finance company. It focuses on funding to low & middle group individuals & first-time homebuyers preferably salaried or professional

The company has 3 major segments: Housing finance, Non-housing Finance & Deposits. The average ticket size is 18 lacs for housing loans & 9 lacs for non-housing loans. It also accepts - Fixed & Cumulative deposits as per the rules of the National Housing Bank. Shri Suresh S Iyer is the current Managing Director & CEO.

Can Fin Home headquartered at Bengaluru. Branch network increased from 140 to 198 as on 184 branches+ 21 affordable housing loan centers + 14 satellite offices over 100 cities spread across 21 states.



POSITIVES

- **Average cost** of borrowings remains at 6.5%, and consistently delivering steady spreads over the past five years.
- **Loan book crossed** 30000 Crores which depicts growth in business
- The Company plans to **expand its branch** network and make inroads into new, potential geographies to extend housing finance to a diverse segment of home aspirants.
- * **Strong balance sheet** offers necessary resources for funding expansion, improving customer service and developing new products and services.



CONTD..

- • Deliver returns and **consistent dividend** payouts by focusing on the existing operations and by exploring new opportunities.
- **Earnings have grown by 17.1%** per year over the past 5 years.
- Can Fin Homes Ltd. has **205 branches** spread over 21 States and Union Territories catering to the different needs of the borrowers across geographies.



CONTD..

- • The share of **loans extended** to self employed stood at 27% of the loan book, totalling H8477 crore.
- A **healthy asset** quality increases the profitability, net worth and CRAR, which in turn improves the Company's growth and promotes its goodwill in the market.
- * • **Controlling funding costs**, positively impact the Company's bottom line, leading to improved profitability and financial performance.



CONTD..

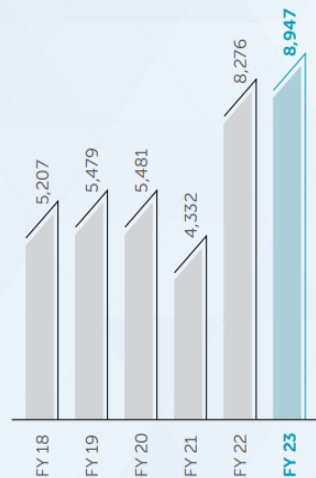
- The company is good value based on its Price-To-Earnings Ratio (15X) compared to the **peer average (24x)**.
- • The Company has good value based on its Price-To-Earnings Ratio (15.8x) compared to the **Indian Diversified Financial industry average (28.9x)**.
- Can Fin Homes is forecast to **grow earnings and revenue** by 13.6% and 14.7% per annum respectively. EPS is expected to grow by 13.6% per annum. Return on equity is forecast to be 17.9% in 3 years
- * • **Revenue (14.7% per year)** is forecast to grow faster than the Indian market (9.6% per year). Earnings vs Savings Rate: Company forecast earnings growth (13.6% per year) is above the savings rate.



Performance Highlights

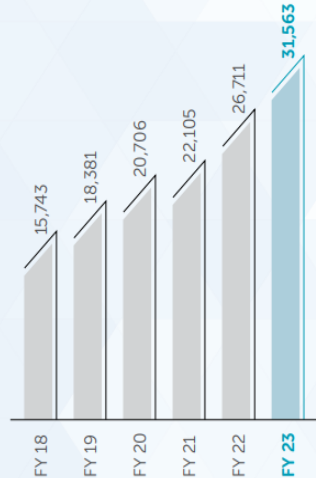
Disbursements

(₹ in Cr)



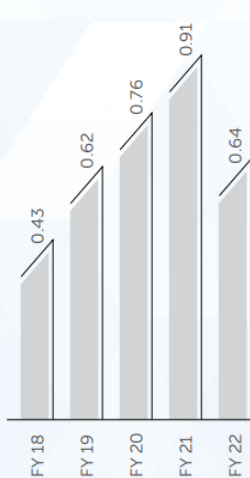
Loan book

(₹ in Cr)



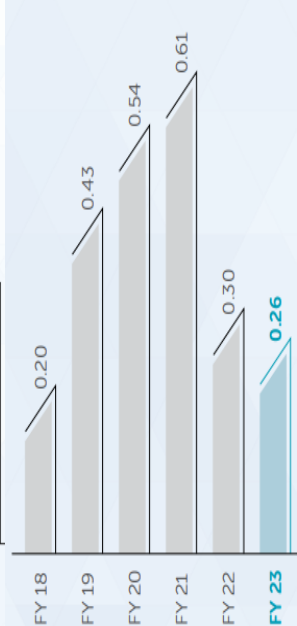
GNPA

(%)



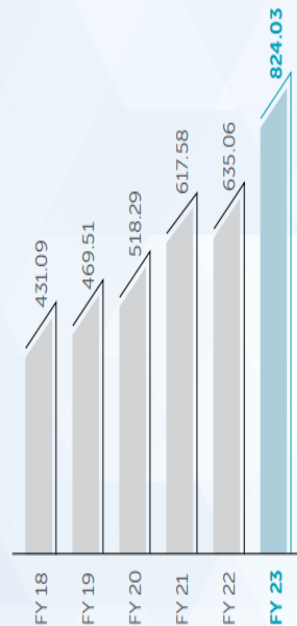
Net NPA

(%)



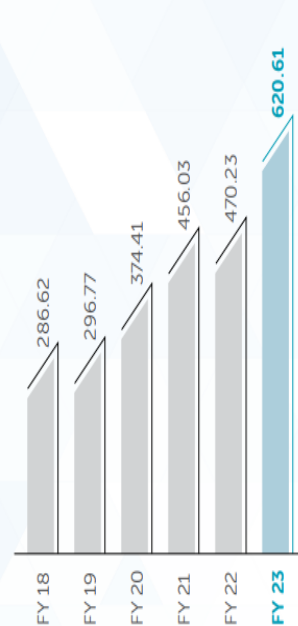
PBT

(₹ in Cr)



Net Profit

(₹ in Cr)

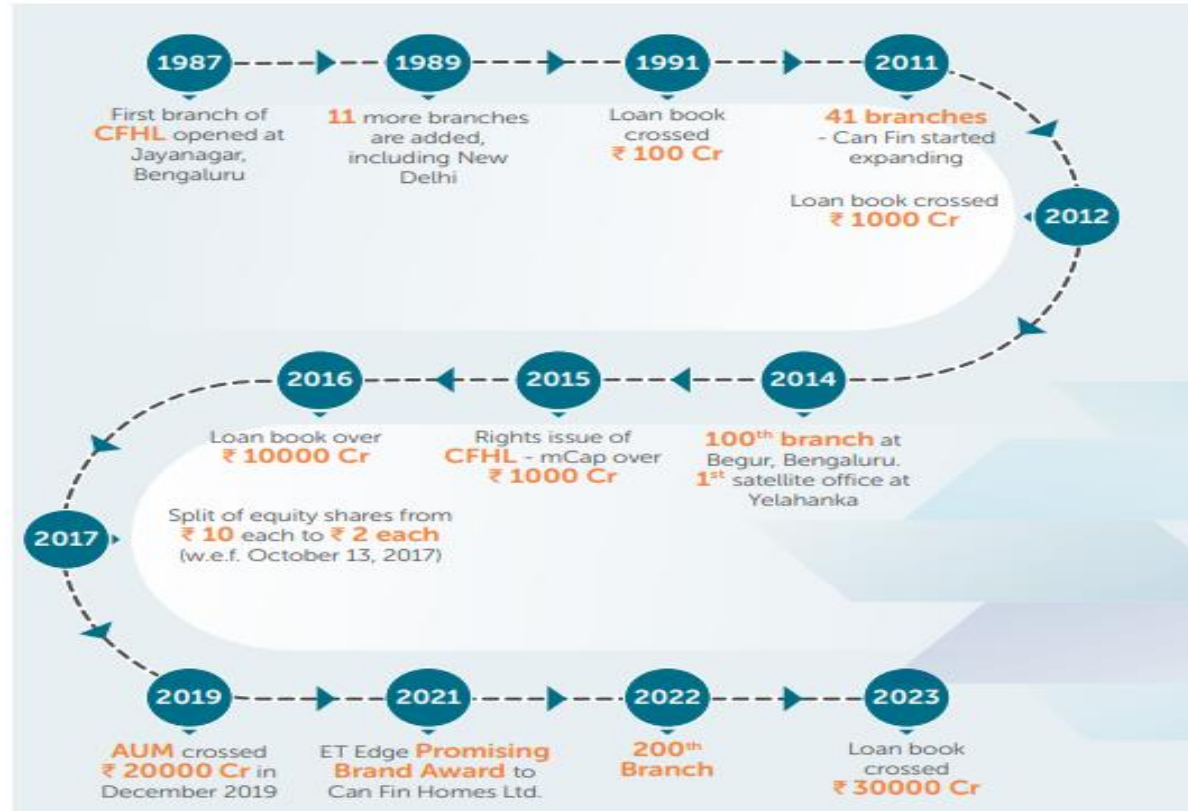


CONTD..

- Can Fin Homes is a **dividend paying company** with a current yield of 0.9% that is well covered by earnings. Next payment date is on 6th September, 2024 with an ex-dividend date of 18th July, 2024.
- Company **dividend payments have increased** over the past 10 years.
- * • **Company dividend** (0.9%) is higher than the bottom 25% of dividend payers in the Indian market (0.26% With its low payout ratio (10.6%), 511196's dividend payments are thoroughly covered by earnings.



Adding value to life for over three decades



NEGATIVES

- Housing finance companies (HFCs) face **significant competition** from banks and large housing finance companies in Tier I and Tier II cities.
- **Credit Risk** is an intrinsic part of any lending activity and arises on account of payment default of instalments by the borrowers
- * • Risks which depend on **external factors** such as inflation, deflation, demand, supply dynamics are beyond the control of the Company. The adverse market conditions give scope for liquidity risk, interest rate risk, funding risk etc.



NEGATIVES

- **Liquidity risk** is a risk of not having sufficient funds to meet the financial commitments. It arises mainly when there is an overdependence on the market borrowings and the market situation is not conducive.
-
- Company is **underperformed** the Indian Diversified Financial Industry which returned 68.4% over the past year.
- * • Some employees did **Fraudulent** transactions affecting the business & reputation of the bank. [link](#)



PROFIT & LOSS

	Mar-21	Mar-22	Mar-23	CY
Revenue	2,018	1,988	2,742	3,523
Interest	1,209	1,155	1,702	2,231
Expenses	182	189	205	323
Financing Profit	627	644	835	969
Financing Margin %	31%	32%	30%	27%
Other Income	0	1	1	2
Depreciation	10	10	12	13
Profit before tax	618	635	824	958
Tax %	26%	26%	25%	22%
Net Profit	456	471	621	751

WARREN BUFFETT CHECKLIST

Type	Value
ECONOMIC MOAT	Moderate
GROWTH	Good
VALUATION	Good
DEBT	High
INTEGRITY	Moderate

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MULTIBAGGER

The company has the potential to become multibagger in the order of 300-500% in 5-10 year term.

BUYING STRATEGY

70% on current price levels, Remaining on 30% correction levels
[Conservative Investors can Buy 50% then remaining on 30% correction levels]

HOLDING PERIOD

5 Years

[We are into LONG TERM INVESTING and Investor should not expect quick up movements in price. Incremental Investing is advised & Any corrections should be considered as Opportunity to add more – Remember our focus should be the 500% Future returns – so any price correction investments will zoom the returns]

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