

CAN FIN HOMES Ltd.

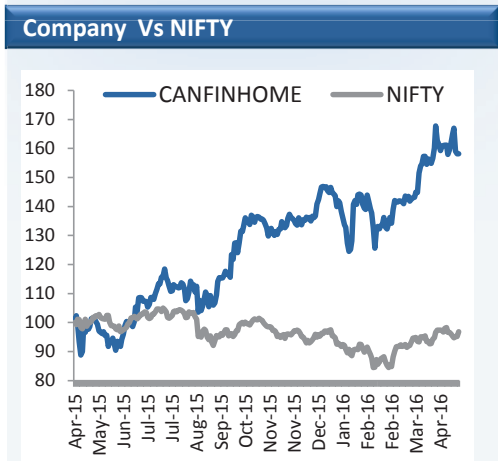
BUY
11-May-16

Company Update	BUY
CMP	1,182
Target Price	1380
Previous Target Price	
Upside	17%
Change from Previous	-

Market Data	
BSE Code	511196
NSE Symbol	CANFINHOME
52wk Range H/L	1324/640
Mkt Capital (Rs Cr)	3,142
Av. Volume(,000)	9.05
Nifty	7866.1

Stock Performance	1Month	1Year	YTD
Absolute	1.8	85.1	64.9
Rel.to Nifty	(2.5)	88.0	69.4

Share Holding Pattern-%	4QFY16	3QFY16	2QFY16
Promoters	43%	43%	43%
PUBLIC	57%	57%	57%
Others			



Robust Performance

Net Interest Income grew by 66% (YoY) in 4Q FY16 to Rs 87 Cr against Rs 52 Cr in 4Q FY15. Loan book showed a healthy growth of 29% (YoY) backed by home loan growth of 25% (YoY) and Non-home-loan growth of 58% (YoY). Calculated NIM Improved by 74 bps to 3.38% from 2.63% a year back largely due to fall in cost of fund. Healthy NII growth and decrease in provisions led the PAT growth of 107% to Rs 47 Cr against Rs 23 Cr in 4Q FY15.

Quarterly Performance

Financials	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16	YoY	QoQ
Interest Income	220	237	254	270	283	29%	5%
NII	52	64	71	79	87	66%	10%
PPP	46	54	64	75	81	78%	8%
Provisions	6	4	8	7	1	-77%	-80%
PBT	39	51	56	68	79	102%	17%
Net Profit	23	32	35	42	47	107%	12%
NIM	2.6	3.0	3.1	3.2	3.4	33%	7%

(Source: Company/Eastwind)

Assets Quality and CRAR

Assets Quality of Can Fin Homes Ltd remained one of the best in the housing finance industry with the gross non performing assets of 0.19% as on 4Q FY16, a decline of 8 bps (QoQ) from 0.27% in 3Q FY16. As on 4Q FY15 GNPA was 0.17%. Net non performing assets was nil with 100% of PCR. Management does not foresee any pressure coming on assets quality in near future. On capital front company was at very comfortable position with 20.7% CRAR.

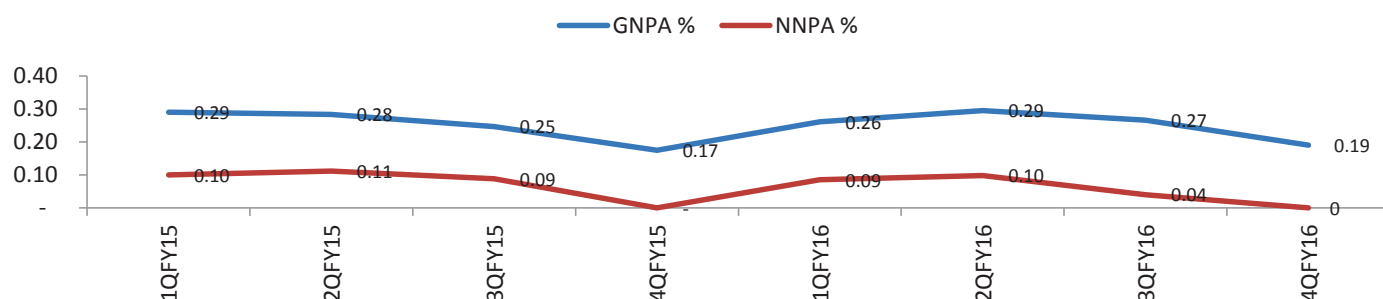
Loan Book

Non housing loan book of the company grew by 58% (YoY) and housing loan loan grew by 25% (YoY) let to the total loan book growth by 29% as on 4Q FY16. Non housing laon constitutes 17% of the total portfolio. 80% of the customer of the loan was salaried and professional class. Disbursement for the FY16 grew by 17% to Rs 3923 against Rs 3346 in FY15. Average ticket size in home loan Rs 17 Lakh and in non housing segment it is Rs 13 Lakh. Company is facing tough competition due to banks now focusing on retail finance. Although management is confident to retain its market share and targeting a loan growth of 28% in FY17.

Outlook and Valuation:

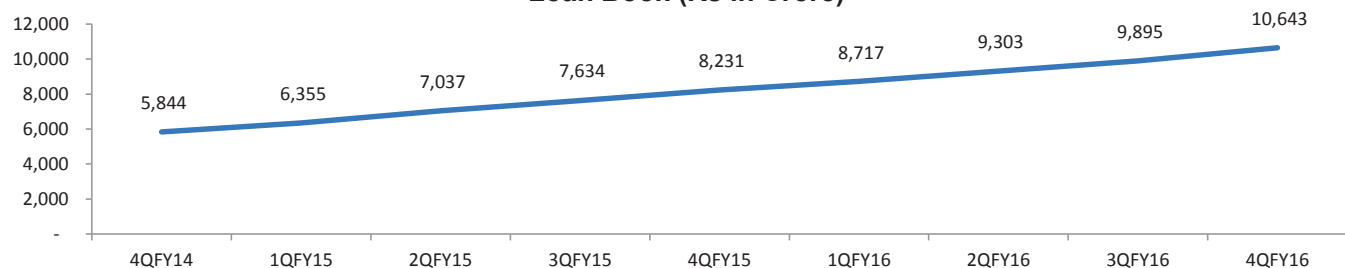
With healthy performance of track record we are hopeful that the company will be able to grow it loan book more than 25% with one of the best assets quality. We recommend to buy with the target price of Rs 1380.

Improved Assets Quality

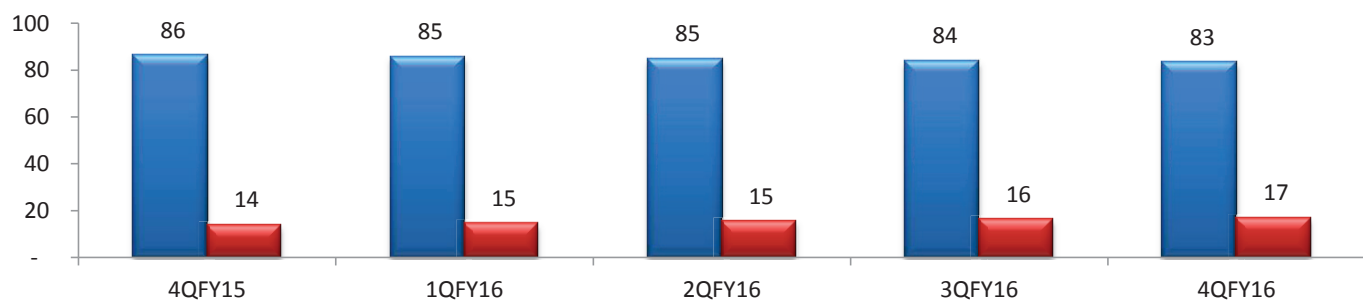


Healthy loan growth

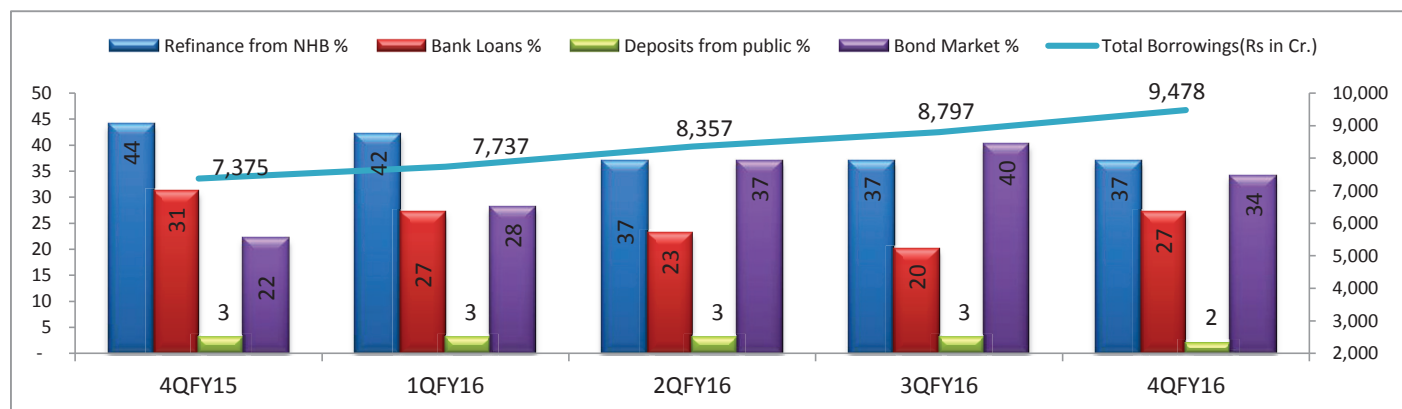
Loan Book (Rs in Crore)



Housing Loan % Non Housing Loan %



Borrowing Profile



Financials Snap Shot

INCOME STATEMENT

	FY14	FY15	FY16	FY17E
Interest Income	557	788	1044	1,321
Interest Expenses	423	610	743	916
Net Interest Income	134	178	301	405
Net Income	155	207	340	457
Establishment and Other Expenses	24	27	30	39
Employee Benefits Expense	18	25	33	38
Operating Expenses	44	55	67	82
Pre Provisioning Profit	111	152	273	375
Provisions / Write offs (Net)	4	14	19	28
PROFIT BEFORE TAX	107	137	254	348
TOTAL TAX	31	51	97	128
Reported PAT	76	86	157	220
Source: Eastwind/Company				

RATIOS

Spreads Analysis (%)	FY13	FY14	FY15	FY16
Yield on Overall Loan Portfolio %	11.6	11.4	11.2	11.2
Cost Of Borrowing %	10.0	9.7	9.6	8.9
Spread %	1.6	1.7	1.6	2.3
Profitability Ratios (%)				
NIM %	2.9	2.7	2.5	3.2
ROA %	1.7	1.5	1.2	1.7
ROE %	13.8	16.7	11.2	18.0
Cost to Income Ratio %	29.8	26.2	25.6	18.7
Op. Exps./Net Income	32.8	28.3	26.7	19.6
Asset-Liability Profile (%)				
Loans/Borrowings %	1.3	1.3	1.2	1.3
Debt/Equity (x)	7.8	10.4	9.0	9.8
Provision Coverage Ratio	100	100	100	100
Gross NPAs (Rs cr)	16	12	14	20
Gross NPAs %	0.39	0.21	0.17	0.19
Net NPAs (Rs cr)	-	-	-	-
Net NPAs %	-	-	-	-
CAR	15	14	18	21

Source: Eastwind/Company

BALANCE SHEET

	FY14	FY15	FY16	FY17E
Share Capital	20	27	27	27
Reserves	432	745	851	1,032
Net Worth	452	771	878	1,059
Long term Debt	4329	5457	6,965	9,055
Short term Debt	366	1484	1,660	2,026
Total Borrowing	4695	6941	8,625	11,081
Long Term Provision	41	54	70	87
Other Liability	724	568	1,222	1,454
Total Liability	5912	8334	10,795	13,682
Fixed Assets	8	9	9	10
Non-current investments	15	15	15	15
Long-term loans and advances	5831	8207	10,617	13,377
Short-term loans and advances	44	95	137	246
Cash & Bank Balances	9	8	17	33
Other Assets	5	0	0	0
Total Assets	5912	8334	10795	13682
Source: Eastwind/Company				

CASH FLOW

	FY12	FY13	FY14	FY15
Net profit before taxes	68	74	111	152
Net cash flow before changes in Working C	63	79	116	158
Adjustments for:				
Cash Flow from Operating Activities	74	103	114	58
Cash Flow From Investing Activities :	8	-3	-1	-4
Cash Flow From Financing Activities	-101	-109	-112	-55
Cash Flow For The Year	-19	-9	1	-1
Cash & Cash Equivalents At The Beginning Of TI	36	17	9	9
Cash & Cash Equivalents At The Year Of End	17	9	9	8

Source: Eastwind/Company