

Apr 24, 2025

RESULT REPORT Q4 FY25 | Sector: Financials

CAN FIN Homes Limited

An improved show

A better quarter on growth and asset quality

Can Fin delivered a healthy quarter with revival in disbursements, resilience in margins, significant reduction in SMA 0 and some correction in GNPLs. ECL provision release from SMA pool decline and reversal of prior-period tax were utilized for augmenting Management Overlay by Rs250mn and improving the PCR on Stage-3. Notwithstanding this, the RoA/RoE for Q4 FY25 stood at 2.6% and 18.5% respectively.

Disbursements jumped from Rs18.8bn in Q3 FY25 to Rs24.55bn, aided by recovery in business run-rate in KTK (some easing in E-Khata releases) and sustained strong traction in North region (disbursements up ~30% yoy in FY25) and TN (disbursements up ~25% yoy). With stable BT Out (no impact after first Repo cut), the loan portfolio grew by 3% qoq/9% yoy. LAP and Top-up loans (though both are small in portfolio share) are consistently growing faster and customer mix has been shifting towards the self-employed. Portfolio Spread declined by 6 bps, largely contributed by contraction in portfolio yield due to higher growth in higher-ticket HL and loan repricing for stronger customer profiles. CoF increased marginally due to significant incremental borrowings from NCDs and tighter market conditions. There was a substantial reduction in SMA 0 with stronger follow-ups, but there was an increase in SMA 1 & 2 buckets. Credit cost in the quarter mainly represented addition to Management Overlay.

Management expects 20% disbursement growth, largely stable margins and 15 bps credit cost in FY26

Can Fin expects 20% disbursement growth in FY26 premised on 1) further easing in KTK E-Khata issue, 2) sustenance of reasonably strong traction in North and TN markets, 3) rebound in Telangana business, 4) increase in business productivity from newly established Sales team and 5) improvement in business volume from the branches added in FY24/25. Management expects 10 bps CoF decline in Q1 FY26 and further easing subsequently with repo cuts benefitting with a lag of couple of months. Rate on incremental banks loans and NCDs would also come down. Passing of CoF benefits to existing and new customers would be based on transmission by the competition. Company expects to control and correct the SMA pool further with augmented focus and interventions and estimates GNPL level to remain around 90 bps. Hence, the credit cost has been guided at 15 bps for the year.

Business improvement and asset quality needs to hold-up; Retain BUY

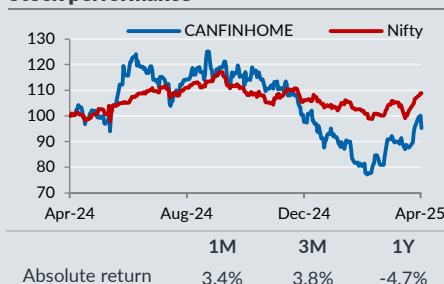
Demonstrating further recovery in business volume and minimizing the impact from IT transition would be critical for Can Fin for delivering 12-13% loan growth in FY26. The trends in BT requests would also be an important monitorable from portfolio growth standpoint. Margin management in a downcycle would be a less-onerous task for Can Fin versus other HFCs due to high variability in borrowings. Improvement in SMA pool would give more comfort to investors. The stock trades at reasonable valuation of 9x P/E and 1.4x P/BV on FY27, and estimated loan CAGR and avg. RoE delivery over FY25-27 is 12.5-13% and 16.5-17% respectively. Retain BUY with 12m PT of Rs850.

Reco	: BUY
CMP	: Rs 709
Target Price	: Rs 850
Potential Return	: +20.0%

Stock data (as on Apr 24, 2025)

Nifty	24,247
52 Week h/l (Rs)	952 / 559
Market cap (Rs/USD mn)	98507 / 1155
Outstanding Shares (mn)	133
6m Avg t/o (Rs mn):	435
Div. yield (%):	0.9
Bloomberg code:	CANF IN
NSE code:	CANFINHOME

Stock performance



Shareholding pattern

Promoter	30.0%
FII+DII	39.6%
Others	30.5%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	850	870

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Op. income	13,915	15,257	17,817
PPOP	11,532	12,256	14,339
Net profit	8,572	9,165	10,742
Growth (%)	14.2	6.9	17.2
EPS (Rs)	64.4	68.8	80.7
ABVPS (Rs)	367.5	427.6	499.7
P/E (x)	11.0	10.3	8.8
P/ABV (x)	1.9	1.7	1.4
ROE (%)	18.2	16.7	16.8
ROA (%)	2.2	2.1	2.2

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MANUJ OBEROI, Associate

Exhibit 1: Result table

(Rs mn)	Q4 FY25	Q3 FY25	% qoq	Q4 FY24	% yoy
Operating Income	9,986	9,861	1.3	9,268	7.7
Interest expended	(6,343)	(6,356)	(0.2)	(5,839)	8.6
Net Interest Income	3,642	3,505	3.9	3,429	6.2
Other Income	10.7	0.3	3,112.7	8.1	31.5
Total Income	3,653	3,506	4.2	3,437	6.3
Operating expenses	(707)	(593)	19.3	(720)	(1.7)
PPOP	2,946	2,913	1.1	2,717	8.4
Provisions	(154)	(221)	(30.3)	(18)	764.4
PBT	2,792	2,691	3.7	2,700	3.4
Tax	(452)	(570)	(20.6)	(609)	(25.7)
Reported PAT	2,339	2,121	10.3	2,090	11.9

Source: Company, YES Sec

Exhibit 2: Business Data

(Rs mn)	Q4 FY25	Q3 FY25	% qoq	Q4 FY24	% yoy
Loan Book	382,170	371,550	2.9	349,990	9.2
Salaried	269,160	263,590	2.1	251,700	6.9
Housing	243,720	239,500	1.8	229,710	6.1
Top-up Personal	12,040	11,550	4.2	10,760	11.9
Mortgage/Flex LAP	10,750	9,960	7.9	8,820	21.9
Loans for sites	2,180	2,140	1.9	2,020	7.9
Others	470	440	6.8	390	20.5
Non-Salaried	112,730	107,710	4.7	98,050	15.0
Housing	91,840	88,430	3.9	81,540	12.6
Top-up Personal	6,020	5,670	6.2	4,870	23.6
Mortgage/Flex LAP	13,150	12,030	9.3	10,170	29.3
Loans for sites	1,150	1,090	5.5	970	18.6
Others	570	490	16.3	500	14.0
Staff Loans	280	250	12.0	240	16.7

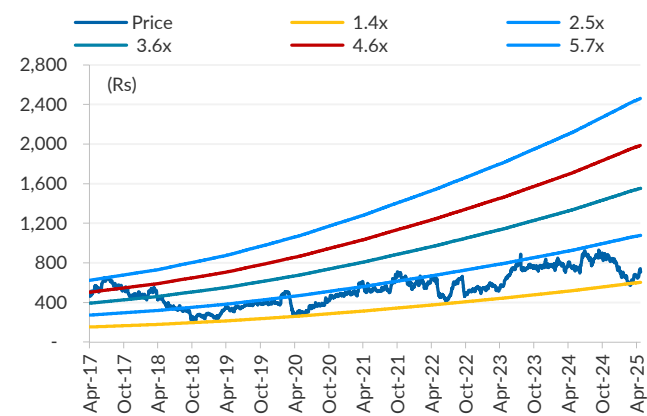
Source: Company, YES Sec

Exhibit 3: Key Ratios

(%)	Q4 FY25	Q3 FY25	chg qoq	Q4 FY24	chg yoy
NIM	3.8	3.7	0.1	4.0	(0.1)
Yield	10.1	10.2	(0.1)	9.8	0.3
Cost of Funds	7.6	7.5	0.0	7.5	0.0
Spread	2.6	2.7	(0.13)	2.3	0.3
Cost to Income*	19.4	16.9	2.4	20.9	(1.6)
Gross NPA	0.9	0.9	(0.05)	0.8	0.1
Net NPA	0.5	0.5	(0.04)	0.4	0.0
PCR*	47.7	45.2	2.6	48.6	(0.9)
RoA	2.6	2.3	0.3	2.5	0.0
RoE	18.5	17.6	0.9	19.3	(0.8)

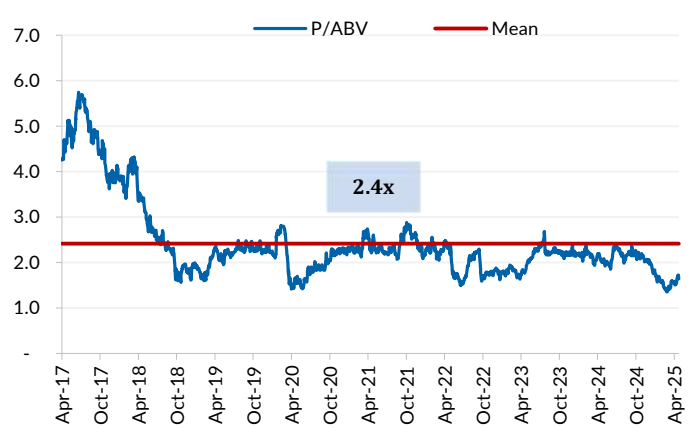
Source: Company, YES Sec; *Calculated.

Exhibit 4: 1-yr rolling P/ABV band



Source: Company, YES Sec

Exhibit 5: 1-year rolling P/ABV vis-a-vis the mean



Source: Company, YES Sec

FINANCIALS

Exhibit 6: Balance Sheet

Y/e 31 Mar (Rs m)	FY23	FY24	FY25	FY26E	FY27E
Equity and Liabilities					
Equity Capital	266	266	266	266	266
Other Equity	36,206	43,172	50,409	58,639	68,446
Shareholder's funds	36,473	43,439	50,675	58,905	68,712
Financial Liabilities	293,665	321,637	353,478	390,587	441,355
Trade payables	80	47	61	61	61
Debt Securities	63,110	75,751	108,494	119,885	135,470
Borrowings (excl. debt securities)	222,191	239,671	240,145	265,360	299,857
Deposits	4,352	2,178	1,874	2,070	2,340
Other Financial Liabilities	3,932	3,990	2,905	3,210	3,627
Non-Financial Liabilities	567	5,061	5,520	5,605	5,697
Provisions	339	587	567	624	687
Other non-financial liabilities	228	196	276	304	334
Current tax liabilities	0	4,277	4,677	4,677	4,677
Total Liabilities + Equity	330,705	370,137	409,673	455,097	515,765
Assets					
Financial Assets	329,729	364,782	403,880	448,565	508,389
Cash and Cash Equivalents	19	8	11	558	1,439
Bank balances	3,066	4,567	3,066	2,500	2,500
Receivables	11	9	9	9	9
Loans	311,933	345,531	376,964	420,471	477,410
Investments	14,590	14,590	23,740	24,927	26,921
Other Financial Assets	110	78	91	100	110
Non- Financial Assets	976	5,355	5,793	6,532	7,377
Current tax assets (Net)	0	4,121	4,530	5,210	5,991
Deferred tax assets (Net)	484	659	694	728	765
Property, Plant and Equipment	454	526	503	529	555
Other Non-Financial Assets	37	48	66	66	66
Total Assets	330,705	370,137	409,673	455,097	515,765

Source: Company, YES Sec

Exhibit 7: Income statement

Y/e 31 Mar (Rs m)	FY23	FY24	FY25	FY26E	FY27E
Income from Operations	27,420	35,231	38,783	40,837	42,599
Interest expense	(17,009)	(22,314)	(24,882)	(25,595)	(24,801)
Net interest income	10,411	12,917	13,901	15,241	17,797
Non-interest income	11	16	14	16	20
Total op income	10,423	12,933	13,915	15,257	17,817
Total op expenses	(1,765)	(2,576)	(2,382)	(3,001)	(3,478)
PPoP	8,658	10,357	11,532	12,256	14,339
Provisions	(418)	(782)	(758)	(566)	(637)
Profit before tax	8,240	9,575	10,775	11,690	13,701
Taxes	(2,028)	(2,068)	(2,203)	(2,525)	(2,960)
Net profit	6,212	7,507	8,572	9,165	10,742

Source: Company, YES Sec

Exhibit 8: Growth and Ratio matrix

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Net interest income	24.8	24.1	7.6	9.6	16.8
Total op income	24.8	24.1	7.6	9.7	16.8
Op profit (pre-provision)	26.9	19.6	11.3	6.3	17.0
Net profit	31.9	20.8	14.2	6.9	17.2
Loans	18.3	10.8	9.1	11.5	13.5
Borrowings + Debt	23.6	7.9	0.2	10.5	13.0
Total assets	18.3	11.9	10.7	11.1	13.3

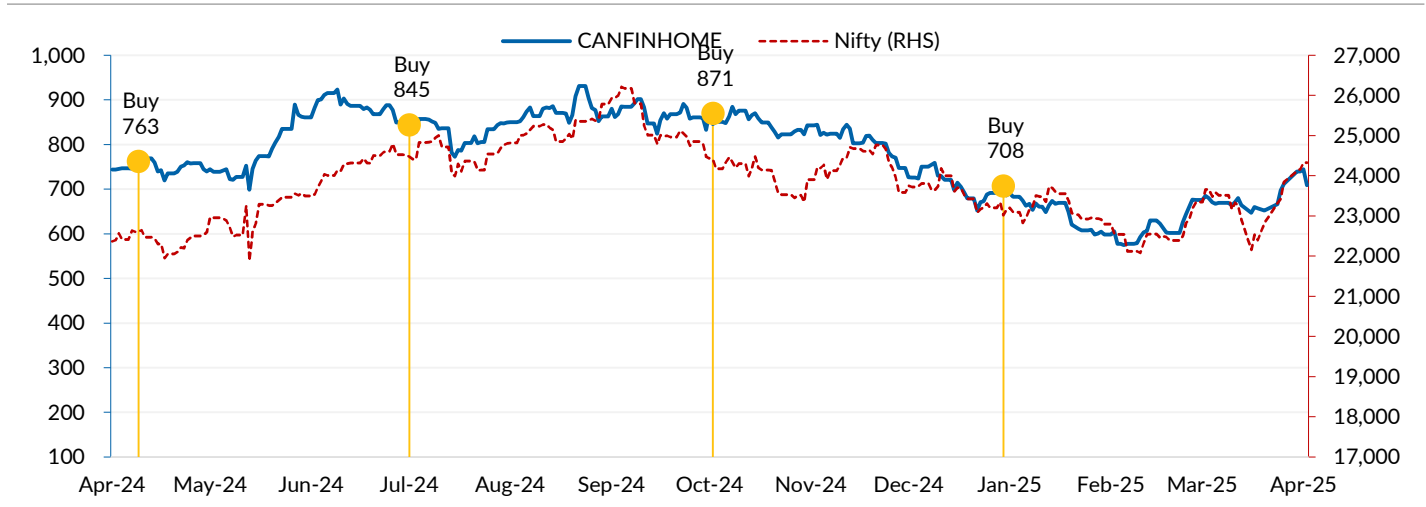
Profitability Ratios (%)					
NIM	3.6	3.9	3.8	3.8	3.9
Return on Avg. Equity	18.5	18.8	18.2	16.7	16.8
Return on Avg. Assets	2.0	2.1	2.2	2.1	2.2

Per share ratios (Rs)					
EPS	46.6	56.4	64.4	68.8	80.7
Adj. BVPS	267.7	315.2	367.5	427.6	499.7
DPS	2.0	4.0	6.0	6.0	6.0

Other key ratios (%)					
Loans/Borrowings	107.7	108.8	107.5	108.6	109.1
Cost/Income	16.9	19.9	17.1	19.7	19.5
Gross NPLs/Loans	0.6	0.8	0.9	0.8	0.8
Credit Cost	0.1	0.2	0.2	0.1	0.1
Net NPLs/Net loans	0.3	0.4	0.5	0.5	0.4
Tax rate	24.6	21.6	20.4	21.6	21.6
Dividend yield	0.3	0.6	0.8	0.8	0.8

Source: Company, YES Sec

Recommendation Tracker



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