

Disbursement growth 111%, Loan book growth 50%, NIM 2.5%, Gross NPA < 0.5% AND P/B 0.7. Was a screaming buy then (deserves better valuation). Seasoned VP seniors spotted Can Fin here (in FY13).

Has been a great journey since then. Improvement in Loan Book size, NIM, Spread, C/I, RoA, RoE and <0.5% GNPA. Flawless execution.

Can Fin has guided for 13500 cr loan book size in FY17. The loan book growth should be at least 25% in FY17 (considering the co. is continuing branch expansions).

Need to see this ratio is in sync with the industry level.

	FY12	FY13	FY14	FY15	FY16	FY17 E	FY18 E
<b>STATISTICS ON BUSINESS</b>							
1 Loan Approvals (in Cr)	1105	2093	2907	3670	4418	5213	6569
2 Loan Disbursements (in Cr)	859	1814	2548	3346	3923	4629	5833
3 Total Loan Outstanding (in Cr)	2674	4016	5844	8231	10643	13350	16955
3a Loan Repayment	392	472	720	959	1511	1922	2228
3b Loan Disbursement / Loan Book (2/3)	32%	45%	44%	41%	37%	35%	34%
3c Loan Repayments / Loan Book (3a/3)	15%	12%	12%	12%	14%	14%	13%
4a Housing Loans (in Cr)	2599	3782	5331	7298	9352	11615	14581
4b Non-Housing Loans (in Cr)	76	234	513	934	1291	1736	2374
5 Borrowings (in Cr)	2300	3539	5269	7375	9478	13659	17914
6a Gross NPA (in Cr)	19	16	12	14	20		
6b Gross NPA (in %)	0.71%	0.39%	0.21%	0.17%	0.19%		
6c Net NPA (in %)	NIL	NIL	NIL	NIL	NIL		
7 Average Assets (in Cr)	2388	3271	4967	6990	9302	12009	15614
8 Average Borrowings (in Cr)	1994	2798	4299	6388	8401	11030	14472
9a No. of Branches	52	69	83	107	110	125	
9b No. of Satellite Offices	0	0	0	10	30	55	
10 No. of Employees (in Jr. on contract)	251	319	387	491	553		
<b>STATISTICS ON INCOME &amp; EXPENDITURE</b>							
11 Interest Collected (in Cr)	279	378	557	787	1044	1321	1678
12 Processing Charges (in Cr)	7	14	21	28	39	47	57
13 Other Income (in Cr)	0.65	0.21	0.26	0.73	0.61	0	0
14 Total Income (in Cr) (11+12+13)	287	392	578	816	1084	1368	1735
15 Interest Paid (in Cr)	196	283	423	610	743	921	1158
16 Net Interest Income (in Cr) (11-15)	83	95	134	177	301	400	521
17 Staff Cost (in Cr)	11	16	18	25	33	45	60
18 Other Expense (in Cr)	9	15	20	24	28	34	40
19 Depreciation (in Cr)	0.55	1.16	2.01	3.73	3.46	4	6
20 Operating Cost (in Cr) (17+18+19)	21	32	40	53	64	82	106
21 Bad Debts (in Cr)	2.81	3.29	3.22	2.1	3.29	4.94	6.91
22 Total Costs (in Cr) (15+20+21)	219	318	466	665	811	1008	1271
23 Operating Profit (in Cr) (14-22)	67	74	112	151	273	360	464
24 Provisions and Taxes (in Cr)	25	20	36	65	116	152	162
25 Net Profit (in Cr) (23-24)	43	54	76	85	157	208	303
26 Share Capital (in Cr)	20.49	20.49	20.49	26.62	26.62	26.62	26.62
<b>STATISTICS ON FINANCIALS &amp; RATIOS</b>							
27 Reserves (in Cr)	327	372	432	745	851	993	1198
28 Shareholders Fund-Tier1 (26+27-DTA)	342	387	447	771	878	1019	1225
29 Number Of Shares (in Cr)	2.05	2.05	2.05	2.66	2.66	2.66	2.66
30 Tier II Captial (in Cr)	11.15	18	26	138	152		
31a Dividend Amount (in Cr) excluding tax	6.15	8.20	13.32	18.64	26.63	36.00	52.00
31b Divident Payout Ratio (in %)	14.4%	15.1%	17.4%	21.8%	17.0%	17.3%	17.2%
32 Book Value (in INR) ((26+27)/29)	170	191	221	290	330	383	461
33 EPS (in INR) (25/29)	21	26	37	32	59	78	114
34 RoE (in %) (25/(26+27))	12%	14%	17%	11%	18%	20%	25%
35 RoA (in %) (25/7)	1.79%	1.66%	1.54%	1.22%	1.68%	1.73%	1.94%
36 Closing Stock Price (in INR)	112	135	190	607	1154	1716	2503
37 P/E Ratio (36/33)	5	5	5	19	20	22	22
38 P/B Ratio (36/32)	0.66	0.71	0.86	2.09	3.50	4.48	5.44
39 Risk Weighted Assets (in Cr)	1961	2631	3421	4945	4979		
40 CAR (in %) ((28+30)/39)	18%	15%	14%	18%	21%		
41 NIM (in %) (16/7)	3.48%	2.90%	2.70%	2.53%	3.24%	3.33%	3.33%
42 Cost to Income Ratio (21/(16+12+13))	22.67%	29.45%	25.77%	25.63%	18.92%	18.38%	18.43%
43 Average Business per Branch (in Cr)	47.94	49.38	61.65	67.15	86.71		
44 Average Business per Employee	10.88	11.43	13.9	15.9	18.52		
45 Average Yield on Assets (in %) (11/7)	11.68%	11.56%	11.21%	11.26%	11.22%	11.00%	10.75%
46 Average Cost of Borrowing (in %) (15/8)	9.83%	10.11%	9.84%	9.55%	8.84%	8.35%	8.00%
47 Interest Spread (in %) (45-46)	1.85%	1.44%	1.37%	1.71%	2.38%	2.65%	2.75%
48 Gearing Ratio (5/28)	6.73	9.14	11.78	9.56	10.79	13.40	14.62

Consistent improvement in C/I ratio means Canfin is able to sell loans more efficiently.

Interest Spread drives NII and thus NP. Spread is a better measure of the profitability and pricing/fund raising power. Spread holding at ~2.5% is the biggest assumption for FY17 and 18.

Can Fin Homes