20 July 2016

1QFY17 Results Update | Sector: Financials

Gruh Finance

BSE SENSEX	S&P CNX
27,916	8,566

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Bloomberg	GRHF IN
Equity Shares (m)	363.4
M.Cap. (INR b) / (USD b)	107.2/1.6
52-Week Range (INR)	307 / 219
1, 6, 12 Rel. Per (%)	4/9/25
12M Avg Val (INR m)	65

Financials & Valuation (INR Billion)

Y/E March	2016	2017E	2018E
NII	4.2	5.4	6.9
PPP	3.9	4.9	6.3
PAT	2.4	3.0	3.9
EPS (INR)	6.7	8.3	10.7
EPS Gr. (%)	19.5	24.2	28.0
BV/Sh. (INR)	23.0	28.4	35.3
ABV/Sh. (INR)	23.0	28.4	35.3
RoA (%)	2.4	2.3	2.3
RoE (%)	31.5	32.4	33.5
Payout (%)	30.0	30.0	30.0
Valuations			
P/E (x)	44.0	35.4	27.7
P/BV (x)	12.8	10.4	8.4
Div. Yield (%)	0.7	0.8	1.1

CMP: INR295 **TP: INR351 (+19%)** **Buy**

In-line operating performance

- Gruh Finance (GRHF) reported PAT of INR601m (up 19.6% YoY) for 1QFY17. While its operating performance was in line with expectations, higher provisions led to a 3% PAT miss. Key highlights of the quarter were loan growth of 24% YoY, seasonal deterioration in its asset quality (GNPL at 56bp v/s 32bp in 4QFY16) and 12bp YoY margin contraction.
- Loan book grew 23.7% YoY (lower than previous years' trajectory of +28%, owing to rural stress) to INR115b. Disbursements increased 22% YoY (at a slower rate than in the prior two quarters) to INR9.4b. The loan mix largely remained stable, with housing loans accounting for over 92% of the book. Management expects the growth trajectory to improve on the back of rural recovery and the government's thrust on affordable housing.
- Reported margin contracted 12bp YoY to 3.91%, led by ~65bp reduction in loan yields. Incremental business is at lower yields due to intense competitive pressure.
- Asset quality saw seasonal deterioration, with GNPL at 0.56% (+4bp YoY) and NNPA at 0.27%. While HFCs witness seasonal fluctuations in asset quality, GNPLs are likely to remain at 0.4-0.6%, given that GRHF operates in rural India and ~40% of its customers are self-employed.
- **Valuation and view:** GRHF has performed impressively, with 26% loan book CAGR and 27% PAT CAGR in the last decade. Its presence in the affordable housing segment in rural areas provides pricing power on the asset side, with cost of funding at par with large HFCs. This, coupled with a low C/I ratio and impeccable asset quality, should drive earnings growth in the near-to-medium term. We expect 28% loan growth and 27% earnings growth over the next three years. The stock trades at 8.4x FY18E BV and 27.7x FY18E EPS. **Buy.**

Quarterly performance (INR Million)

Y/E MARCH	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Operating Income	2,967	3,118	3,236	3,705	3,501	3,746	4,009	4,717	12,754	15,973
Total income	2,967	3,118	3,236	3,705	3,501	3,746	4,009	4,717	12,754	15,973
Y-o-Y Growth (%)	22.8	21.0	19.3	21.5	18.0	20.1	23.9	27.3	20.3	25.2
Interest expenses	1,902	1,987	2,034	2,151	2,241	2,420	2,614	2,751	8,074	10,027
Net Income	1,066	1,131	1,202	1,554	1,260	1,326	1,395	1,965	4,680	5,946
Operating Expenses	196	257	205	245	239	190	225	373	823	1,027
Operating Profit	869	874	997	1,309	1,021	1,136	1,170	1,592	3,857	4,919
Y-o-Y Growth (%)	18.6	22.7	21.8	22.8	17.5	29.9	17.4	21.7	21.1	27.5
Provisions and Cont.	121	72	178	61	125	80	80	15	240	300
Profit before Tax	749	803	818	1,248	896	1,056	1,090	1,578	3,617	4,619
Tax Provisions	246	286	281	370	294	364	376	559	1,181	1,594
Net Profit	503	517	537	878	601	692	714	1,018	2,436	3,025
Y-o-Y Growth (%)	20.0	19.9	20.0	18.5	19.6	33.9	32.9	16.0	19.5	24.2
Int Exp/ Int Earned (%)	64.1	63.7	62.9	58.1	64.0	64.6	65.2	58.3	63.3	62.8
Cost to Income Ratio (%)	18.4	22.7	17.1	15.8	19.0	14.3	16.1	19.0	17.6	17.3
Tax Rate (%)	32.8	35.6	34.4	29.6	32.8	34.5	34.5	35.5	32.7	34.5

E: MOSL Estimates

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Exhibit 1: Quarterly performance v/s our estimates and reasons for deviation (INR m)

Y/E March	1QFY17A	1QFY17E	Var (%)	Comments
Operating Income	3,501	3,486	0	
Total income	**3,501**	**3,486**	**0**	**Calc. margins contract 22bp YoY**
Y-o-Y Growth (%)	18.0	18.4		
Interest expenses	2,241	2,280	-2	
Net Income	**1,260**	**1,206**	**5**	**NII beat due to lower cost of funds**
Operating Expenses	239	175		
Operating Profit	**1,021**	**1,031**	**-1**	**In-Line**
Y-o-Y Growth (%)	17.5	18.9		
Provisions and Cont.	125	80		Higher provisions offset NII beat
Profit before Tax	**896**	**951**	**-6**	**Miss due to higher opex and provisions**
Tax Provisions	294	328	-10	
Net Profit	**601**	**623**	**-3**	**In-Line**
Y-o-Y Growth (%)	19.6	23.9		

Source: Company, MOSL

Business growth steady at 24% YoY; Loan mix remains broadly unchanged

- Loan book growth during the quarter was steady at 23.7% YoY (marginally lower than previous years trajectory of +24.7%, owing to rural stress) and 3.9% QoQ to INR115b. Disbursements stood at INR9.4b (up 22% YoY).
- Target 25% YoY loan growth in FY17. While the government continues to focus on affordable housing, management believes that momentum is still slowly building up.
- Home loans constitute 92% of the total loans and continue to be the focus area for the company; loan against property and developer loan form the remaining 8% of the loan book.
- Management expects the growth trajectory to improve going ahead on back of rural recovery and government's push towards affordable housing.

Reported NIM contracts 12bp YoY; seasonal deterioration in asset quality

- Reported margin contracted 12bp YoY to 3.91%; led by ~65bps reduction in loan yields. This reduction has primarily been on the back of intense competitive pressure as well as loans given in lieu of government schemes which carry lower yields than the rest of the portfolio.
- Cost of funds also declined 52bp YoY (12bp QoQ) driven by reduction in cost of bank borrowings. Borrowing profile remains broadly unchanged, with bank loans plus NHB refinance comprising 55% of total borrowings.
- Asset quality witnessed seasonal deterioration with GNPLs at 0.56% (up 4bp YoY and 24bp QoQ) and NNPA at 0.09%. While HFCs witness seasonal deterioration in 1Q, on a steady state basis, GNPLs are likely to remain at 0.4-0.6%, given the fact company operates in rural India and ~40% of the customers are self-employed where there is some level of income volatility.
- Management mentioned that while the number of NPA accounts has declined, the aggregate NPA value has increased due to asset quality issues in the NRP book.
- Cost to income ratio (calculated) increased 60bp YoY to 19% in the quarter.
- CAR remains healthy at 17% with tier 1 of over 15%

Valuation and view

- GRHF has strong presence in western India and is expanding to other geographies. The company has a track record of financial and operating performance and has developed deep understanding of rural India—something that will be difficult for others to replicate.
- GRHF operates solely in affordable housing, which offers immense scalability potential due to massive opportunity in the segment. The company has delivered best-in-class return ratios, with a 10-year average RoE/RoA of +28%/2.5% along with efficient use of capital.
- Earnings CAGR at 28% over the past three years coupled with +30% RoEs has resulted in steady re-rating of the stock over the last three years, with its one-year forward book multiple expanding from 3x in FY11 to 8x in FY16. The fact that it has never raised capital since FY05 despite growing at CAGR of 27% over FY06-16 highlights the strength of the business model.
- We value GRHF based on residual income model assuming earnings CAGR of 18% by FY35E, Rf=7.71%, β=0.65, risk premium of 5% and terminal growth rate of 5.5%. We expect GRHF's net profit to grow at CAGR of 26% over FY16-18E and RoEs to touch ~33% by FY18E.
- We expect GRHF to continue to trade at premium multiples due to a) track record of financial/operating performance, b) immense potential of scalability due to massive opportunity in the affordable housing segment, c) strong parentage of HDFC ltd., d) best-in-class return ratios, e) efficient use of capital (no dilution in the last 10 years), and f) flawless execution—NPLs have never gone above 2%, not even during the worst of times. Ongoing downward trend in interest rates could also prove to be a trigger for profitability. We marginally cut our FY17/18 estimates to factor in lower growth**.** Maintain **Buy** with a target price of INR351 (9.9x FY18E BV).

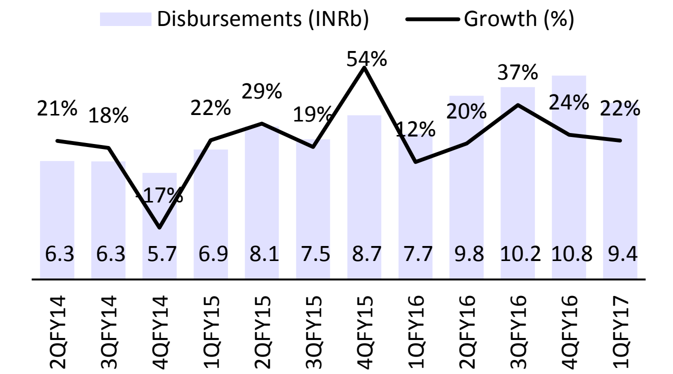
Exhibit 2: Quarterly Snapshot

	FY15				FY16				FY17	Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	QoQ	YoY
Profit and Loss (INR m)											
Operating Income	2,416	2,577	2,711	3,050	2,967	3,118	3,236	3,705	3,501	-6	18
Interest Expenses	1,549	1,665	1,736	1,827	1,902	1,987	2,034	2,151	2,241	4	18
Net Interest Income	**867**	**913**	**975**	**1,223**	**1,066**	**1,131**	**1,202**	**1,554**	**1,260**	**-19**	**18**
Total Income	**867**	**913**	**975**	**1,223**	**1,066**	**1,131**	**1,202**	**1,554**	**1,260**	**-19**	**18**
Operating Expenses	**134**	**200**	**157**	**156**	**196**	**257**	**205**	**245**	**239**	**-3**	**22**
Employees	79	130	82	62	84	156	106	83	97	18	16
Depreciation	-13	8	8	10	8	7	7	8	7	-8	-5
Other Expenses	68	62	67	85	105	94	92	155	134	-13	29
Operating Profits	**733**	**713**	**818**	**1,066**	**869**	**874**	**997**	**1,309**	**1,021**	**-22**	**17**
Provisions	118	41	146	17	121	72	178	61	125	106	4
PBT	**615**	**672**	**672**	**1,049**	**749**	**803**	**818**	**1,248**	**896**	**-28**	**20**
Taxes	154	194	174	255	245	285	281	370	294	-21	20
DTL	42	47	51	53	0	0	0	0	0	**11**	**0**
PAT	**419**	**431**	**447**	**741**	**503**	**517**	**537**	**878**	**601**	**-31**	**20**
Asset Quality											
GNPA (INR m)	325	304	482	250	483	579	654	356	646	82	34
NNPA (INR m)	0	0	0	0	136	196	148	104	312	200	129
Gross NPAs (%)	0.44	0.38	0.57	0.28	0.52	0.58	0.62	0.32	0.56	0.24	0.04
Net NPAs (%)	0.0	0.0	0.1	0.0	0.1	0.2	0.1	0.1	0.3	0.18	0.12
PCR (%)	100.0	100.0	100.0	100.0	71.9	66.1	77.4	70.8	51.8	-19	-20
Margins (%)											
Yield on loans (Calculated)	13.4	13.5	13.3	14.1	13.0	13.0	12.7	13.7	12.4		
NIMs (Reported)	**4.8**	**4.8**	**4.8**	**5.7**	**4.7**	**4.7**	**4.1**	**4.1**	**3.9**		
Other Details											
Cost to Income (%)	15.5	21.9	16.1	12.8	18.4	22.7	17.1	15.8	19.0		
Tax Rate (%)	31.9	35.9	33.5	29.4	32.8	35.6	34.4	29.6	32.8		

Source: Company, MOSL

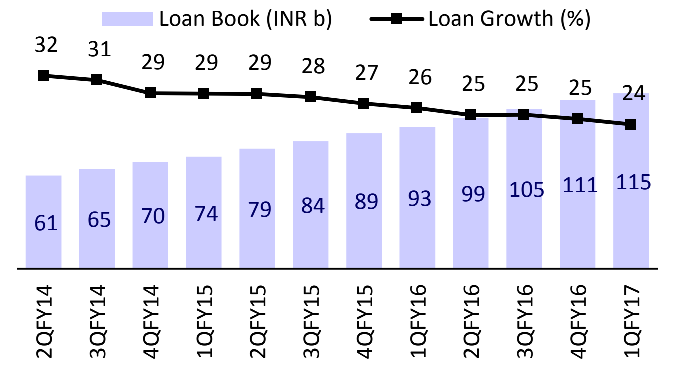
Story in charts

Exhibit 3: Disbursements grew at healthy 22% YoY



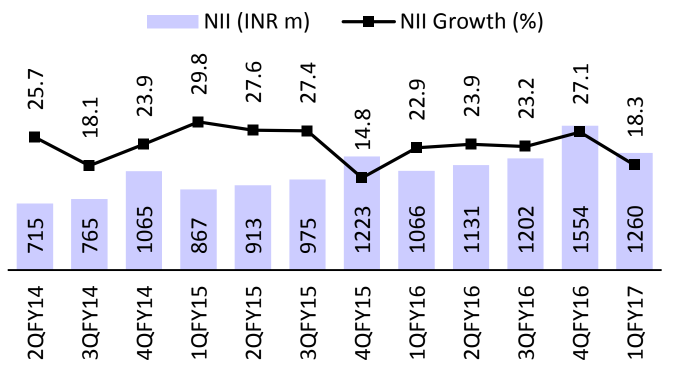
Source: Company, MOSL

Exhibit 4: Loan growth moderates at 24%



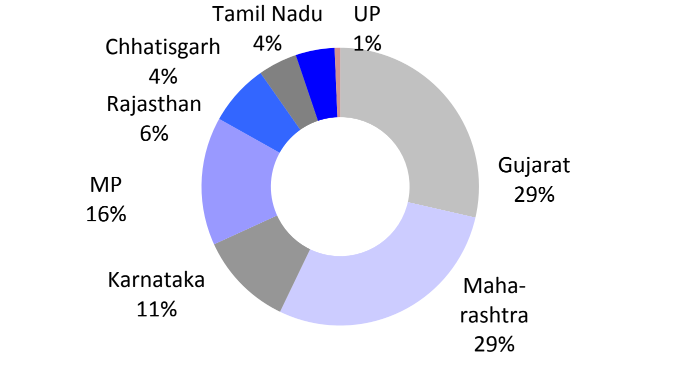
Source: Company, MOSL

Exhibit 5: NII growth of 18% YoY; NIMs down 12bp YoY



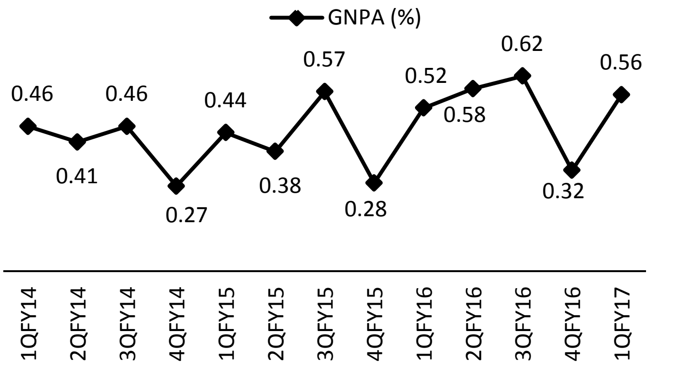
Source: Company, MOSL

Exhibit 6: GRUH has presence in 10 states



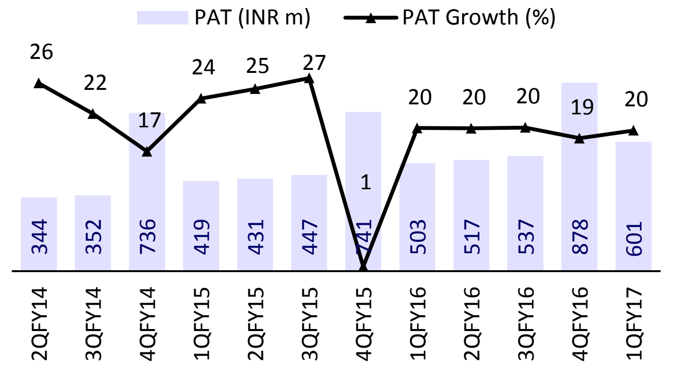
Source: Company, MOSL

Exhibit 7: NPLs stable on YoY basis, but uptick sequentially



Source: Company, MOSL

Exhibit 8: PAT growth at 20% YoY, in line with prior quarters



Source: Company, MOSL

Exhibit 9: Financials: Valuation Metrics

	Rating	CMP	Mcap	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)	
		(INR)	(USDb)	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18
ICICIBC*	Buy	268	23.6	18.1	20.8	11.0	8.3	145	159	1.29	1.08	1.19	1.22	11.1	11.8
HDFCB	Buy	1,232	47.2	58.4	70.3	21.1	17.5	332	386	3.71	3.19	1.89	1.86	18.9	19.6
AXSB	Buy	558	20.2	35.0	41.0	16.0	13.6	251	285	2.22	1.96	1.45	1.43	14.7	15.2
KMB*	Buy	782	21.7	26.1	33.7	29.9	23.2	207	239	3.78	3.27	1.50	1.70	14.2	15.4
YES	Buy	1,161	7.4	78.9	97.3	14.7	11.9	391	468	2.97	2.48	1.81	1.83	22.0	22.7
IIB	Buy	1,118	10.1	50.5	63.8	22.1	17.5	334	389	3.34	2.87	1.92	1.96	16.2	17.6
IDFC Bk	Buy	51	2.6	3.0	4.1	17.2	12.4	42	46	1.21	1.12	1.09	1.12	7.2	9.4
FB	Neutral	63	1.6	3.7	4.5	16.8	14.0	50	53	1.26	1.18	0.64	0.65	7.7	8.7
DCBB	Buy	100	0.4	7.4	8.6	13.6	11.6	69	78	1.45	1.29	0.98	0.93	11.3	11.7
JKBK	Neutral	68	0.5	17.6	21.2	3.9	3.2	146	162	0.47	0.42	0.99	1.05	12.7	13.7
SIB	Buy	22	0.4	3.1	3.7	7.1	5.9	30	33	0.72	0.66	0.61	0.64	10.7	11.7
Private Aggregate			**135.8**			**19.4**	**16.3**			**2.63**	**2.33**				
SBIN (cons)*	Buy	231	27.2	19.3	24.3	11.9	9.5	240	259	1.03	0.95	0.49	0.54	8.3	9.7
PNB	Neutral	129	3.8	15.7	19.9	8.3	6.5	200	220	0.65	0.59	0.44	0.50	8.2	9.5
BOI	Neutral	110	1.4	9.3	23.5	11.9	4.7	337	356	0.33	0.31	0.12	0.27	2.8	6.8
BOB	Buy	158	5.5	14.7	18.7	10.7	8.5	159	173	0.99	0.91	0.48	0.54	9.6	11.2
CBK	Neutral	259	2.1	33.1	42.4	7.8	6.1	505	537	0.51	0.48	0.31	0.36	6.7	8.1
UNBK	Buy	137	1.4	26.8	36.7	5.1	3.7	318	351	0.43	0.39	0.43	0.53	8.7	11.0
OBC	Neutral	116	0.6	22.1	27.9	5.2	4.2	473	494	0.25	0.23	0.28	0.32	4.8	5.8
INBK	UR	155	1.1	22.2	29.1	6.9	5.3	298	320	0.52	0.48	0.49	0.56	7.7	9.4
ANDB	Buy	60	1.9	2.9	8.2	20.3	7.3	129	136	0.46	0.44	0.15	0.39	2.3	6.2
Public Aggregate			**45.0**			**11.9**	**8.8**			**0.77**	**0.72**				
Banks Aggregate			**180.8**			**16.8**	**13.4**			**1.64**	**1.49**				
HDFC*	Buy	1,335	32.0	40.1	46.3	23.0	18.5	194	221	4.41	3.54	1.89	2.10	20.0	22.1
LICHF	Buy	505	3.9	39.5	47.3	12.8	10.7	213	251	2.37	2.01	1.49	1.51	20.1	20.9
IHFL	Buy	713	4.6	68.2	84.0	10.4	8.5	280	315	2.55	2.26	3.84	3.78	23.4	28.2
GRHF	Buy	295	1.6	8.3	10.7	35.5	27.7	28	35	10.40	8.36	2.33	2.34	32.4	33.5
REPCO	Buy	806	0.8	30.3	39.0	26.6	20.7	179	214	4.49	3.77	2.14	2.17	18.2	19.8
DEWH	Buy	220	1.0	29.4	36.2	7.5	6.1	194	221	1.13	1.00	1.18	1.20	16.1	17.4
Housing Finance			**43.7**			**20.7**	**17.5**			**4.17**	**3.68**				
RECL	Neutral	202	3.0	59.2	68.6	3.4	2.9	336	389	0.60	0.52	2.63	2.55	18.9	18.9
POWF	Neutral	209	4.2	46.8	49.1	4.5	4.3	72	107	2.92	1.96	2.69	2.35	85.1	55.0
Infra Finance			**7.2**			**4.0**	**3.6**			**1.12**	**0.91**				
SHTF	Buy	1,194	4.1	75.5	94.2	15.8	12.7	507	581	2.36	2.05	2.17	2.27	15.7	17.1
MMFS	Buy	315	2.7	15.5	18.8	20.3	16.8	119	133	2.65	2.38	2.14	2.26	13.7	15.0
BAF	Buy	8,641	7.0	308.1	380.8	28.0	22.7	1,631	1,956	5.30	4.42	3.14	3.02	20.6	21.2
MUTH	Buy	278	1.7	24.9	32.0	11.2	8.7	157	177	1.78	1.57	3.29	3.47	16.7	19.2
SKSM	Buy	782	1.5	46.2	47.9	16.9	16.3	153	201	5.11	3.89	6.28	4.69	35.5	27.1
Asset Finance			**17.0**			**19.3**	**15.8**			**3.09**	**2.80**				
NBFC Aggregate			**67.9**			**14.1**	**12.2**			**3.03**	**2.63**				
Financials			**248.7**			**15.9**	**13.0**			**1.87**	**1.69**				

*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adj. for investments in subsidiaries Source: MOSL

Financials and valuations

Income Statement								(INR Million)
Y/E March	**2012**	**2013**	**2014**	**2015**	**2016**	**2017E**	**2018E**	**2019E**
Interest Income	4,856	6,181	8,130	10,211	12,286	15,433	19,661	24,754
Interest Expended	3,101	4,044	5,436	6,777	8,074	10,027	12,766	16,027
Net Interest Income	**1,755**	**2,137**	**2,694**	**3,433**	**4,212**	**5,406**	**6,895**	**8,728**
Change (%)	25.3	21.8	26.1	27.4	22.7	28.4	27.5	26.6
Fee Income	172	223	271	331	468	535	640	811
Net Income	**2,041**	**2,460**	**3,025**	**3,826**	**4,680**	**5,946**	**7,545**	**9,555**
Change (%)	27.3	20.5	23.0	26.5	22.3	27.1	26.9	26.6
Operating Expenses	392	463	556	640	823	1,027	1,256	1,544
Operating Income	**1,650**	**1,997**	**2,469**	**3,186**	**3,857**	**4,919**	**6,289**	**8,010**
Change (%)	28.6	21.1	23.6	29.0	21.1	27.5	27.9	27.4
Provisions/write offs	22	29	24	177	240	300	375	469
PBT	**1,628**	**1,968**	**2,445**	**3,008**	**3,617**	**4,619**	**5,914**	**7,541**
Tax	424	509	675	970	1,181	1,594	2,040	2,603
Tax Rate (%)	26.1	25.9	27.6	32.3	32.7	34.5	34.5	34.5
PAT	**1,203**	**1,459**	**1,770**	**2,038**	**2,436**	**3,025**	**3,874**	**4,939**
Change (%)	31.5	21.2	21.3	15.2	19.5	24.2	28.0	27.5
Proposed Dividend	472	522	632	875	855	1,062	1,360	1,791

Balance sheet								(INR Million)
Y/E March	**2012**	**2013**	**2014**	**2015**	**2016**	**2017E**	**2018E**	**2019E**
Capital	353	357	360	727	727	727	727	727
Reserves & Surplus	3,503	4,553	5,712	6,388	7,626	9,589	12,103	15,250
Net Worth	**3,856**	**4,910**	**6,072**	**7,115**	**8,352**	**10,316**	**12,830**	**15,977**
Secured Loans	**38,293**	**49,115**	**64,439**	**82,072**	**102,444**	**130,734**	**167,885**	**213,703**
Change (%)	29.3	28.3	31.2	27.4	24.8	27.6	28.4	27.3
Total Liabilities	**42,148**	**54,025**	**70,512**	**89,187**	**110,796**	**141,050**	**180,714**	**229,681**
Cash and bank balance	1,695	221	832	741	556	623	1,857	4,001
Investments	244	651	530	798	1,429	1,572	1,887	2,264
Change (%)	-29.5	166.6	-18.7	50.7	79.1	10.0	20.0	20.0
Loans	**40,668**	**54,378**	**70,090**	**89,154**	**111,146**	**142,103**	**180,521**	**227,344**
Change (%)	28.0	33.7	28.9	27.2	24.7	27.9	27.0	25.9
Net Fixed Assets	116	118	110	137	146	146	146	146
Other Assets	-575	-1,344	-1,050	-1,643	-2,480	-3,394	-3,696	-4,074
Total Assets	**42,148**	**54,025**	**70,512**	**89,187**	**110,796**	**141,050**	**180,714**	**229,681**

Assumptions								(%)
Loan Growth	28.0	33.7	28.9	27.2	24.7	27.9	27.0	25.9
Borrowings Growth	29.3	28.3	31.2	27.4	24.8	27.6	28.4	27.3
Investments Growth	-29.5	166.6	-18.7	50.7	79.1	10.0	20.0	20.0
Dividend	2.3	2.5	1.5	2.0	2.0	2.5	3.2	4.2

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2012	2013	2014	2015	2016	2017E	2018E	2019E
Spreads Analysis (%)								
Avg. Yield on Earning Assets	13.0	12.9	13.1	12.8	12.3	12.3	12.2	12.1
Avg. Cost-Int. Bear. Liab.	9.1	9.3	9.6	9.3	8.8	8.6	8.6	8.4
Interest Spread	3.9	3.6	3.5	3.6	3.6	3.7	3.7	3.7
Net Interest Margin	4.7	4.5	4.3	4.3	4.2	4.3	4.3	4.3
Profitability Ratios (%)								
RoAE	34.2	33.3	32.2	30.9	31.5	32.4	33.5	34.3
RoAA	3.1	2.9	2.8	2.5	2.4	2.3	2.3	2.3
Int. Expended/Int.Earned	63.9	65.4	66.9	66.4	65.7	65.0	64.9	64.7
Other Inc./Net Income	2.9	0.9	0.2	0.1	0.0	0.0	0.0	0.0
Efficiency Ratios (%)								
Fees/Operating income	3.5	3.6	3.3	3.2	3.7	3.3	3.2	3.2
Op. Exps./Net Income	19.2	18.8	18.4	16.7	17.6	17.3	16.7	16.2
Empl. Cost/Op. Exps.	50.2	50.6	57.0	55.0	52.0	50.8	50.3	49.9
Asset-Liability Profile (%)								
Loans/Borrowings Ratio	106.2	110.7	108.8	108.6	108.5	108.7	107.5	106.4
Debt/Equity (x)	9.9	10.0	10.6	11.5	12.3	12.7	13.1	13.4
Gross NPAs	211	176	189	251	295	351	422	2,317
Gross NPAs to Adv.	0.5	0.3	0.3	0.3	0.3	0.2	0.2	1.0
Net NPAs	-184	27	0	0	0	0	0	-23
Net NPAs to Adv.	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

Valuation

	2012	2013	2014	2015	2016	2017E	2018E	2019E
Book Value (INR)	10.9	13.8	16.9	19.6	23.0	28.4	35.3	44.0
Price-BV (x)	13.5	10.7	8.8	15.1	12.8	10.4	8.4	6.7
Adjusted BV (INR)	11.3	13.7	16.9	19.6	23.0	28.4	35.3	44.0
Price-ABV (x)	13.1	10.8	8.8	15.1	12.8	10.4	8.4	6.7
EPS (INR)	3.4	4.1	4.9	5.6	6.7	8.3	10.7	13.6
EPS Growth (%)	31.0	19.9	20.2	14.2	19.5	24.2	28.0	27.5
Price-Earnings (x)	43.3	36.1	30.0	52.6	44.0	35.4	27.7	21.7
OPS (INR)	4.7	5.6	6.9	8.8	10.6	13.5	17.3	22.0
OPS Growth (%)	28.0	19.7	22.5	27.9	21.1	27.5	27.9	27.4
Price-OP (x)	31.6	26.4	21.5	33.7	27.8	21.8	17.0	13.4

E: MOSL Estimates

Corporate profile

Company description

GRUH Finance (GRHF) was established in 1986 as Gujarat Rural Housing Finance Ltd and was promoted by HDFC and Aga Khan Fund for Economic Development (AKFED). GRUH primarily provides home loans to individuals and families for purchase, construction, extension, repair and renovation. The company operates in a niche segment, catering to the lower-income group in rural and semi-urban areas. GRHF has diversified geographically and operates in eight Indian states through 179 branches and has loan book of nearly INR115b.

Exhibit 10: Sensex rebased

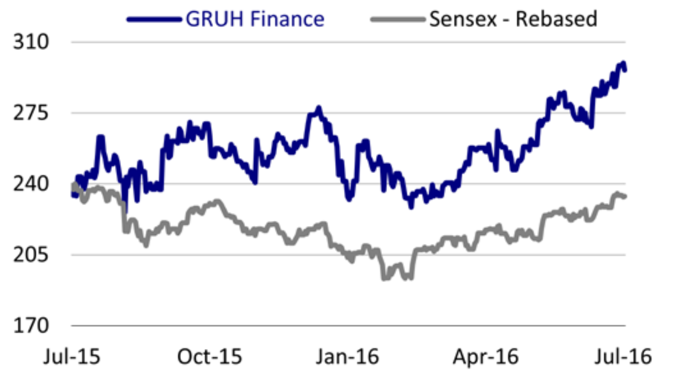


Exhibit 11: Shareholding pattern (%)

	Mar-16	Dec-15	Mar-15
Promoter	58.6	58.6	58.6
DII	4.6	4.2	2.5
FII	12.9	13.1	12.7
Others	24.0	24.2	26.2

Note: FII Includes depository receipts

Exhibit 12: Top holders

Holder Name	% Holding
Axis Mutual Fund Trustee Ltd A/c Axis Mutual Fund A/c	2.0
Smallcap Wordl Fund, INC	1.9
Matthews India Fund	1.2

Exhibit 13: Top management

Name	Designation
Keki M Mistry	Chairman
SudhinChoksey	Managing Director & CEO
Marcus Lobo	Company Secretary

Exhibit 14: Directors

Name	Name
Keki M Mistry	Prafull Anubhai*
Sudhin Choksey	K G Krishnamurthy*
S M Palia*	Renu Sud Karnad
S G Mankad*	Kamlesh Shah
Rohit C Mehta*	Biswamohan Mahapatra*

*Independent

Exhibit 15: Auditors

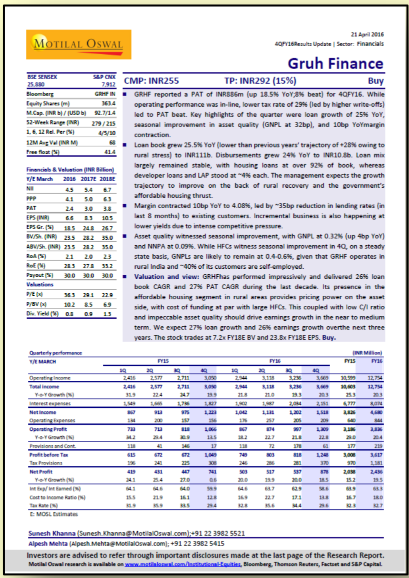
Name	Type
Sorab S Engineer & Co	Statutory

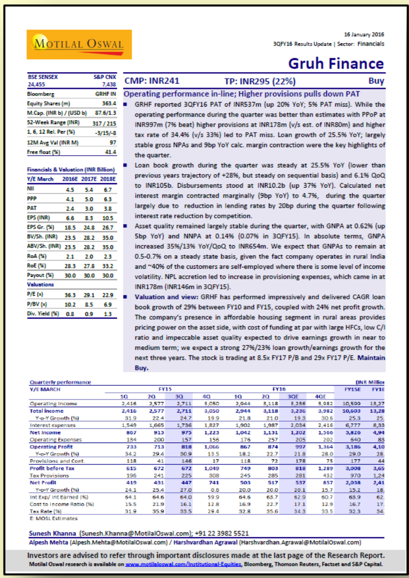
Exhibit 16: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY17	8.3	-	-
FY18	10.7	-	-
		-	-

PRODUCT GALLERY

Our recent reports on GRHF





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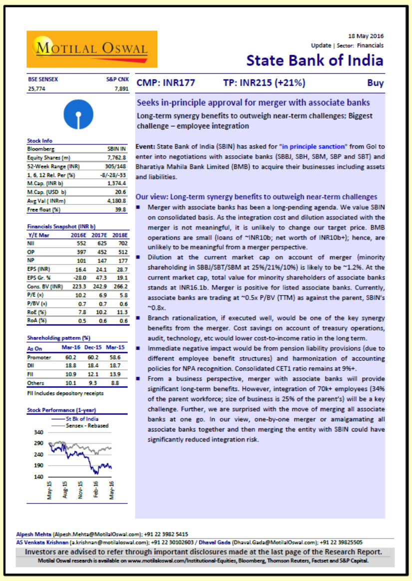

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