

Gruh Finance

BSE SENSEX	S&P CNX
27,365	8,275
Bloomberg	GRHF IN
Equity Shares (m)	363.4
M.Cap. (INR b) / (USD b)	95.9/1.5
52-Week Range (INR)	317 / 186
1, 6, 12 Rel. Per (%)	-2/9/37
12M Avg Val (INR M)	111
Free float (%)	41.4

Financials & Valuation (INR Billion)

Y/E March	2016E	2017E	2018E
NII	4.3	5.3	6.6
PPP	4.0	4.9	6.1
PAT	2.5	3.1	3.9
EPS (INR)	6.8	8.6	10.8
EPS Gr. (%)	21.0	26.1	26.2
BV/Sh. (INR)	23.6	28.5	35.5
ABV/Sh. (INR)	23.6	28.5	35.5
RoA (%)	2.2	2.1	2.3
RoE (%)	28.9	28.6	33.8
Payout (%)	30.0	30.0	30.0

Valuations			
P/E (x)	38.9	30.9	24.5
P/BV (x)	11.2	9.3	7.4
Div. Yield (%)	0.7	0.8	1.2

CMP: INR264
TP: INR295 (12%)
Buy

Rural slowdown affecting growth and asset quality

- GRHF reported 2QFY16 PAT of INR517m (up 20% YoY; 10% PAT miss). While net income was in line with estimate, higher-than-estimated opex, provisioning cost and tax expenses led to below-estimate PAT. Loan growth of 25% YoY (slowest in the last four years); GNPLs at 58bp (up 20bp YoY) and 8bp YoY margin contraction were the key highlights of the quarter.
- Though loan growth during the quarter was the slowest since FY11, it grew a healthy 25.3% YoY and 6.3% QoQ to INR99.1b. Disbursements stood at INR9.78b (up 20% YoY). Calculated net interest margin contracted marginally (8bp YoY) to 4.7% during the quarter on account of a) reduction of lending rates by 15bp during the quarter and b) interest reversal due to increase in NPLs. The company has further reduced its interest rates by 20bp for existing customers in 3QFY16.
- Asset quality deteriorated during the quarter, with GNPA at 0.58% (up 20bp YoY) and NNPA at 0.2% (nil in 2QFY15). In absolute terms, GNPA increased 90%/20% YoY/QoQ to INR575m. The increase in NPLs is due to macroeconomic factors—lackluster economic activity in rural India—and not any company-specific issue. NPL accretion led to increase in provisioning expenses, which came in at INR72m (INR41m in 2QFY15).
- **Valuation and view:** GRHF has performed impressively and delivered CAGR loan book growth of 29% between FY10 and FY15, coupled with 24% net profit growth. The company's presence in affordable housing segment in rural areas provides pricing power on the asset side, with cost of funding at par with large HFCs, low C/I ratio and impeccable asset quality expected to drive earnings growth in near to medium term; we expect a strong 28%/25% loan growth/earnings growth for the next three years. We marginally cut our FY16/17 estimates by 2% to factor in higher opex and credit costs. **Buy.**

Quarterly performance

(INR Million)

Y/E MARCH	FY15				FY16				FY15E	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Operating Income	2,416	2,577	2,711	3,050	2,944	3,118	3,290	3,928	10,599	13,276
Total income	2,416	2,577	2,711	3,050	2,944	3,118	3,290	3,928	10,603	13,280
Y-o-Y Growth (%)	31.9	22.4	24.7	19.9	21.8	21.0	21.3	28.8	25.3	25.2
Interest expenses	1,549	1,665	1,736	1,827	1,902	1,987	2,146	2,444	6,777	8,479
Net Income	867	913	975	1,223	1,042	1,131	1,143	1,485	3,826	4,801
Operating Expenses	134	200	157	156	176	257	215	172	640	819
Operating Profit	733	713	818	1,066	867	874	928	1,313	3,186	3,981
Y-o-Y Growth (%)	34.2	29.4	30.9	13.5	18.2	22.7	13.4	23.1	29.0	25.0
Provisions and Cont.	118	41	146	17	118	72	35	20	177	245
Profit before Tax	615	672	672	1,049	749	803	893	1,293	3,008	3,736
Tax Provisions	196	241	225	308	245	285	295	445	970	1,270
Net Profit	419	431	447	741	503	517	598	847	2,038	2,466
Y-o-Y Growth (%)	24.1	25.4	27.0	0.6	20.0	20.0	33.6	14.4	15.2	21.0
Int Exp/ Int Earned (%)	64.1	64.6	64.0	59.9	64.6	63.7	65.2	62.2	63.9	63.9
Cost to Income Ratio (%)	15.5	21.9	16.1	12.8	16.9	22.7	18.8	11.6	16.7	17.1
Tax Rate (%)	31.9	35.9	33.5	29.4	32.8	35.6	33.0	34.4	32.3	34.0

E: MOSL Estimates

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Investors are advised to refer through disclosures made at the end of the Research Report.

 Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Quarterly performance v/s expectations and deviations for the same

Y/E March	2QFY16A	2QFY16E	Var (%)	Comments
Operating Income	3,118	3,150	-1	
Total income	3,118	3,150	-1	Calc. margins contract 8bp YoY
Y-o-Y Growth (%)	21.0	22.2		
Interest expenses	1,987	2,054	-3	
Net Income	1,131	1,096	3	In Line
Operating Expenses	257	195		
Operating Profit	874	901	-3	In Line
Y-o-Y Growth (%)	22.7	26.5		
Provisions and Cont.	72	50		
Profit before Tax	803	851	-6	20bp increase in NPLs led to higher provisions
Tax Provisions	285	275	4	Tax Rate 36%
Net Profit	517	576	-10	Higher opex and provisions led to PAT miss
Y-o-Y Growth (%)	20.0	33.7		

Source: Company, MOSL

Business growth slows down, but remains healthy at +25% YoY

- Though loan book growth during the quarter was slowest since FY11, it still grew a healthy 25.3% YoY to INR99.1b. Disbursements during the quarter grew 20% YoY to INR9.8b.
- Home loans constitute ~93% of the total loans and continue to be the focus area for the company; loan against property and developer loan form the remaining 7% of the loan book.
- GRHF's slowdown in loan book growth is on the back of its strategy to be conservative in LAP and developer loan segments due to perceived risks in the categories. The company concentrates on the home loan segment, where it has extensive understanding of the business and customers' needs.

Calculated NIMs contract marginally; asset quality deteriorates 20bp YoY

- Calculated NIMs contracted marginally (8bp YoY) to 4.7% during the quarter on account of a) reduction of lending rates by 15bp during the quarter and b) interest reversal due to increase in NPLs.
- Asset quality deteriorated, with GNPA at 0.58% (up 20bp YoY) and NNPA at 0.2% (nil in 2QFY15). In absolute terms, GNPA increased 90%/20% YoY/QoQ to INR575m. The increase in NPLs is largely due to macroeconomic factors—lackluster economic activity in rural India leading to delayed repayments—and not any company-specific issue.
- Increase in NPA led to increase in provisioning expenses, which came in at INR72m (INR41m in 2QFY15).
- **Other highlights:** a) Operating expenses were higher on account of annual bonus and salary arrears that were paid during the second quarter. b) GRHF has further reduced its BPLR for its existing customers by 20bp in 3QFY16; the impact of the same would be seen from November 2015. c) GRHF opened nine branches during the quarter (four in Maharashtra, two in Chhattisgarh, and one each in MP, Rajasthan and Tamil Nadu)

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 (no dilution in the last 10 years).
- 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 FY15. The fact that it has never raised capital since FY05 despite growing at CAGR of 27% over FY05-15 highlights the strength of the business model.
- We value GRHF based on residual income model assuming earnings CAGR of 18% by FY35E, $R_f=7.71\%$, $\beta=0.75$, risk premium of 5% and terminal growth rate of 5%. We expect GRHF's net profit to grow at CAGR of 24% over FY15-18E and RoEs to touch ~34% 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 FY16/17 estimates by 2% to factor in higher opex and credit costs. **Maintain Buy with a target price of INR295 (9.3x FY17E BV).**

Exhibit 2: We marginally cut our estimates to factor in higher opex and credit costs

INR B	Old Est.		Revised Est.		% Change	
	FY16	FY17	FY16	FY17	FY16	FY17
NII	4.2	5.3	4.3	5.3	2.2	0.0
Other Income	0.5	0.6	0.5	0.6		
Net Income	4.7	5.9	4.8	5.9	1.9	0.0
Operating Expenses	0.8	0.9	0.8	1.0	5.3	5.0
Operating Profits	3.9	4.9	4.0	4.9	1.3	-1.0
Provisions	0.2	0.3	0.2	0.3		
PBT	3.7	4.7	3.7	4.6	0.7	-1.6
Tax	1.2	1.5	1.3	1.5	6.0	-1.6
PAT	2.5	3.2	2.5	3.1	-1.8	-1.6
Loans	113	145	113	145	0.0	0.0
Borrowings	104	135	104	135	0.0	0.0
Spreads (%)	3.48	3.41	3.58	3.42		
RoAA (%)	2.2	2.1	2.2	2.1		
RoAE (%)	29.4	29.0	28.9	28.6		

Source: Company, MOSL

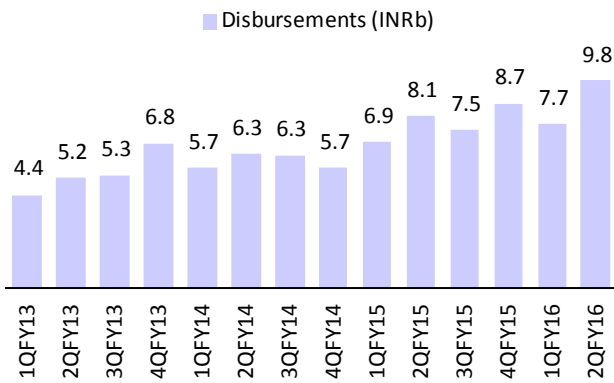
Exhibit 3: Quarterly Snapshot

	FY14				FY15				FY16		Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Profit and Loss (INR m)												
Operating Income	1,826	2,105	2,174	2,544	2,416	2,577	2,711	3,050	2,944	3,118	6	21
Interest Expenses	1,158	1,390	1,409	1,479	1,549	1,665	1,736	1,827	1,902	1,987	5	19
Net Interest Income	668	715	765	1,065	867	913	975	1,223	1,042	1,131	9	24
Total Income	674	715	765	1,065	867	913	975	1,223	1,042	1,131	9	24
Operating Expenses	127	165	140	126	134	200	157	156	176	257	46	28
Employees	64	113	80	60	79	130	82	62	84	156	85	20
Depreciation	6	5	7	6	-13	8	8	10	8	7	-8	-10
Other Expenses	58	46	54	60	68	62	67	85	84	94	12	50
Operating Profits	546	551	625	939	733	713	818	1,066	867	874	1	23
Provisions	98	43	68	7	118	41	146	17	118	72	-39	76
PBT	448	507	557	932	615	672	672	1,049	749	803	7	19
Taxes	111	164	205	196	154	194	174	255	245	285	16	
DTL	0	0	0	0	42	47	51	53	0	0	NA	NA
PAT	338	344	352	736	419	431	447	741	503	517	3	20
Asset Quality												
GNPA (INR m)	263	249	299	189	325	304	482	250	483	579	20	90
NNPA (INR m)	0	0	0	0	0	0	0	0	136	196	44	NA
Gross NPAs (%)	0.46	0.41	0.46	0.27	0.44	0.38	0.57	0.28	0.52	0.58	11.93	53
Net NPAs (%)	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.2	37.2	NA
PCR (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	71.9	66.1	-8.0	-34
Margins (%)												
Yield on loans (Calculated)	13.1	14.2	13.7	15.0	13.4	13.5	13.3	14.1	12.9	13.0		
NIMs (Reported)	4.8	4.8	4.8	6.3	4.8	4.8	4.8	5.7	4.6	4.7		
Other Details												
Cost to Income (%)	18.9	23.0	18.3	11.8	15.5	21.9	16.1	12.8	16.9	22.7		
Tax Rate (%)	24.7	32.3	36.8	21.0	31.9	35.9	33.5	29.4	32.8	35.6		

Source: Company, MOSL

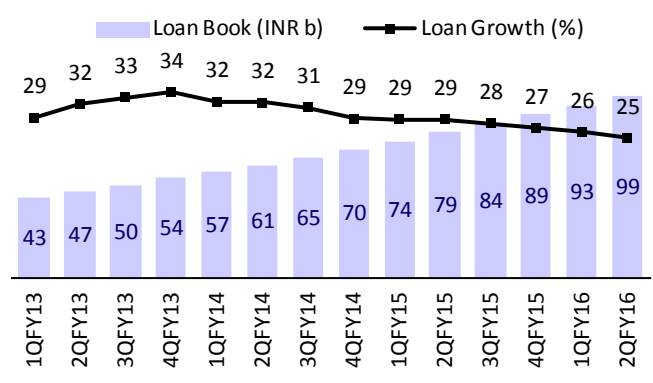
Story in charts

Exhibit 4: Disbursements grew 20% YoY



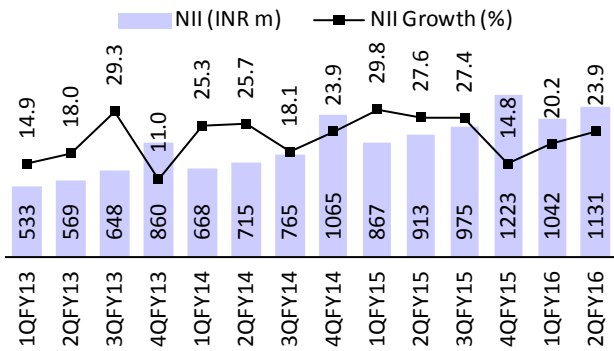
Source: Company, MOSL

Exhibit 5: Loan growth at 25%, slowest in 4 years



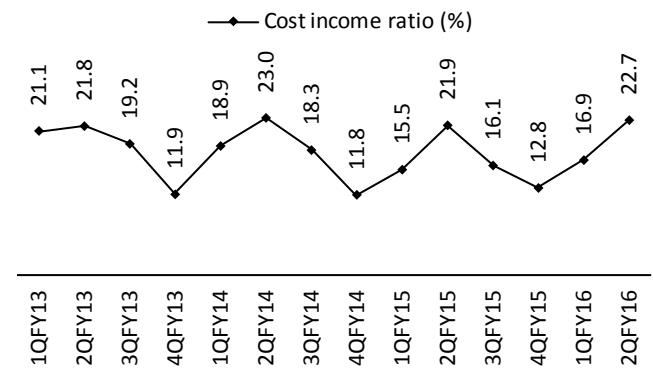
Source: Company, MOSL

Exhibit 6: NII growth of 24% YoY, in-line with est.



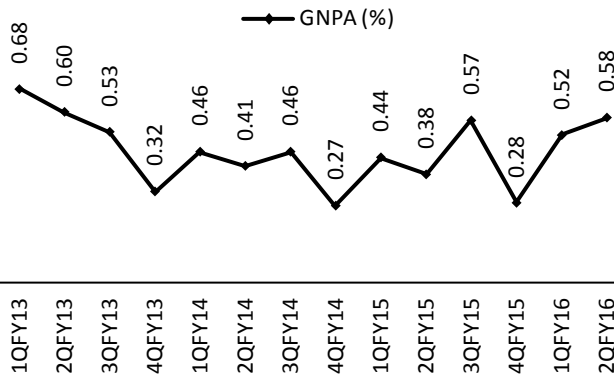
Source: Company, MOSL

Exhibit 7: C/I ratio increased on due to higher opex



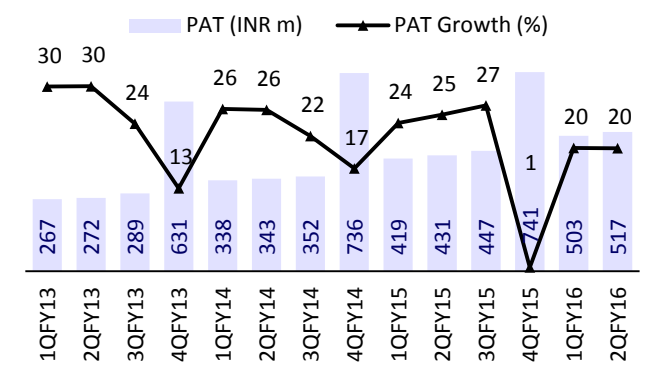
Source: Company, MOSL

Exhibit 8: Slowdown in rural economy results in higher GNPA



Source: Company, MOSL

Exhibit 9: PAT growth at 20% YoY



Source: Company, MOSL

Exhibit 10: Financials: Valuation Metrics

	Rating	CMP (INR)	Mcap (USDb)	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)	
				FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
ICICIBC*	Buy	287	25.2	21.5	25.8	10.4	8.3	131	150	1.70	1.42	1.54	1.58	14.8	15.7
HDFCB	Buy	1,096	41.6	49.1	59.2	22.3	18.5	285	330	3.85	3.32	1.89	1.86	18.4	19.2
AXSB	Buy	507	18.2	36.5	43.3	13.9	11.7	218	254	2.32	2.00	1.78	1.82	18.0	18.3
KMB*	Neutral	657	18.2	18.2	25.3	36.1	26.0	182	207	3.61	3.17	1.01	1.32	13.9	14.5
YES	Buy	770	4.9	59.9	74.5	12.9	10.3	327	387	2.35	1.99	1.68	1.73	19.7	20.9
IIB	Buy	962	8.6	41.3	51.3	23.3	18.8	295	340	3.26	2.83	2.04	2.08	17.6	16.1
DCBB	Sell	95	0.4	5.4	5.8	17.6	16.3	60	66	1.57	1.43	0.84	0.73	9.3	9.2
FB	Buy	65	1.7	5.4	6.7	12.1	9.7	49	54	1.32	1.19	1.02	1.06	11.4	13.0
JKBK	Neutral	91	0.7	14.1	17.3	6.5	5.3	136	150	0.67	0.61	0.85	0.92	10.7	12.1
SIB	Buy	23	0.5	2.2	3.1	10.3	7.3	28	31	0.80	0.74	0.47	0.59	8.2	10.5
Private Aggregate			119.9			18.2	15.1			2.75	2.41				
SBIN (cons)*	Buy	255	29.2	25.6	31.7	9.5	7.6	229	255	1.06	0.95	0.70	0.77	11.7	13.1
PNB	Buy	137	3.9	19.6	26.8	7.0	5.1	220	244	0.62	0.56	0.57	0.70	9.3	11.6
BOI	Neutral	142	1.4	19.4	27.1	7.3	5.2	410	432	0.35	0.33	0.20	0.25	4.8	6.4
BOB	Buy	175	1.2	20.3	25.1	8.6	7.0	182	201	0.96	0.87	0.61	0.68	11.7	13.1
CBK	Buy	299	2.3	43.8	59.7	6.8	5.0	573	619	0.52	0.48	0.39	0.48	8.1	10.0
UNBK	Buy	174	1.7	35.7	46.6	4.9	3.7	317	356	0.55	0.49	0.56	0.65	11.8	13.9
OBC	Buy	144	0.7	46.3	63.8	3.1	2.3	474	523	0.30	0.28	0.57	0.69	10.1	12.8
INBK	Buy	140	1.0	21.1	30.6	6.6	4.6	278	301	0.50	0.47	0.50	0.65	7.8	10.6
CRPBK	Neutral	45	0.1	16.5	21.9	2.7	2.1	141	158	0.32	0.29	0.54	0.64	12.3	14.7
ANDB	Buy	70	0.6	17.8	22.8	3.9	3.1	180	196	0.39	0.36	0.55	0.62	10.3	12.2
IDBI	Neutral	83	2.0	14.4	19.7	5.8	4.2	157	173	0.53	0.48	0.58	0.69	9.5	11.9
DBNK	Neutral	43	0.4	8.8	12.5	4.8	3.4	126	136	0.34	0.31	0.36	0.44	7.2	9.6
Public Aggregate			44.4			8.0	6.1			0.72	0.66				
HDFC*	Buy	1,315	31.4	38	44	22.9	18.0	167	192	5.22	4.12	2.60	2.60	23.6	24.4
LICHF	Buy	478	3.7	34	42	14.1	11.3	182	216	2.62	2.21	1.48	1.55	20.1	21.3
DEWH	Buy	237	1.0	26	33	9.0	7.2	179	204	1.33	1.16	1.27	1.29	15.6	17.3
IHFL	Buy	744	4.8	57	72	13.1	10.4	275	305	2.71	2.44	4.08	4.19	26.5	24.7
GRHF	Buy	264	1.5	7	9	38.1	30.3	24	29	11.12	9.20	2.23	2.09	29.4	29.0
REPCO	Buy	695	0.7	24	34	28.4	20.4	152	182	4.58	3.82	2.20	2.32	17.3	20.4
IDFC	Buy	60	1.4	10	12	6.2	5.2	107	116	0.29	0.26	1.75	1.83	8.8	9.8
RECL	Buy	258	3.9	63	76	4.1	3.4	302	360	0.85	0.72	3.22	3.23	22.9	22.9
POWF	Buy	244	4.9	54	60	4.5	4.0	285	329	0.86	0.74	3.07	3.03	20.4	19.7
SHTF	Buy	968	3.3	62	73	15.5	13.3	458	515	2.12	1.88	2.10	2.28	14.1	14.9
MMFS	Buy	235	2.0	12	15	19.5	15.5	109	120	2.15	1.96	1.92	2.20	11.5	13.2
BAF	Buy	5,013	4.0	222	261	22.6	19.2	1,350	1,568	3.71	3.20	3.13	2.84	19.8	17.9
MUTH	Buy	182	5.5	20	24	11.9	9.9	141	156	1.67	1.51	2.75	2.83	14.7	16.0
NBFC Aggregate			62.5			15.5	13.2			2.71	2.37				

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

Source: MOSL

Financials and valuations

Income Statement									
(INR Million)									
Y/E March	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Interest Income	2,758	3,410	4,856	6,181	8,130	10,211	12,790	16,137	20,592
Interest Expended	1,802	2,009	3,101	4,044	5,436	6,777	8,479	10,884	14,012
Net Interest Income	956	1,401	1,755	2,137	2,694	3,433	4,311	5,252	6,581
Change (%)	57.7	46.5	25.3	21.8	26.1	27.4	25.6	21.8	25.3
Fee Income	122	143	172	223	271	331	423	548	671
Other operating income	202	45	55	78	53	58	63	68	73
Other Income	9	15	59	23	7	4	4	5	5
Net Income	1,289	1,604	2,041	2,460	3,025	3,826	4,801	5,872	7,329
Change (%)	36.9	24.4	27.3	20.5	23.0	26.5	25.5	22.3	24.8
Operating Expenses	254	320	392	463	556	640	819	987	1,190
Operating Income	1,035	1,283	1,650	1,997	2,469	3,186	3,981	4,885	6,139
Change (%)	41.1	24.0	28.6	21.1	23.6	29.0	25.0	22.7	25.7
Provisions/write offs	91	27	22	29	24	177	245	294	347
PBT	944	1,256	1,628	1,968	2,445	3,008	3,736	4,591	5,793
Tax	255	341	424	509	675	970	1,270	1,483	1,871
Tax Rate (%)	27.0	27.1	26.1	25.9	27.6	32.3	34.0	32.3	32.3
PAT	690	915	1,203	1,459	1,770	2,038	2,466	3,108	3,922
Change (%)	37.2	32.7	31.5	21.2	21.3	15.2	21.0	26.1	26.2
Proposed Dividend	263	450	472	522	632	875	795	951	1,376

Balance Sheet									
(INR Million)									
Y/E March	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Capital	347	352	353	357	360	727	727	727	727
Reserves & Surplus	2,299	2,828	3,503	4,553	5,712	6,388	7,859	9,616	12,161
Net Worth	2,646	3,179	3,856	4,910	6,072	7,115	8,585	10,343	12,888
Secured Loans	23,231	29,622	38,293	49,115	64,439	82,072	104,282	134,938	173,013
Change (%)	3.5	27.5	29.3	28.3	31.2	27.4	27.1	29.4	28.2
Total Liabilities	25,877	32,801	42,148	54,025	70,512	89,187	112,867	145,281	185,901
Cash and bank balance	1,356	1,237	1,695	221	832	741	291	1,151	1,052
Investments	327	347	244	651	530	798	878	922	968
Change (%)	156.2	5.9	-29.5	166.6	-18.7	50.7	10.0	5.0	5.0
Loans	24,537	31,768	40,668	54,378	70,090	89,154	113,350	145,094	186,035
Change (%)	17.3	29.5	28.0	33.7	28.9	27.2	27.1	28.0	28.2
Net Fixed Assets	95	122	116	118	110	137	137	137	137
Other Assets	-438	-673	-575	-1,344	-1,050	-1,643	-1,788	-2,024	-2,291
Total Assets	25,877	32,801	42,148	54,025	70,512	89,187	112,867	145,281	185,901

Financials and valuations

Ratios

Y/E March	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Spreads Analysis (%)									
Avg. Yield on Earning Assets	12.2	11.7	13.0	12.9	13.1	12.8	12.7	12.5	12.4
Avg. Cost-Int. Bear. Liab.	7.9	7.6	9.1	9.3	9.6	9.3	9.1	9.1	9.1
Interest Spread	4.3	4.1	3.9	3.6	3.5	3.6	3.6	3.4	3.3
Net Interest Margin	3.8	4.8	4.7	4.5	4.3	4.3	4.3	4.1	4.0
Profitability Ratios (%)									
RoAE	28.4	31.4	34.2	33.3	32.2	30.9	28.9	28.6	33.8
RoAA	2.7	3.0	3.1	2.9	2.8	2.5	2.2	2.1	2.3
Int. Expended/Int. Earned	65.3	58.9	63.9	65.4	66.9	66.4	66.3	67.5	68.0
Other Inc./Net Income	0.7	0.9	2.9	0.9	0.2	0.1	0.1	0.1	0.1
Efficiency Ratios (%)									
Fees/Operating income	4.1	4.1	3.5	3.6	3.3	3.2	3.2	3.3	3.1
Op. Exps./Net Income	19.7	20.0	19.2	18.8	18.4	16.7	17.1	16.8	16.2
Empl. Cost/Op. Exps.	45.5	49.1	50.2	50.6	57.0	55.0	51.5	51.8	52.0
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	105.6	107.2	106.2	110.7	108.8	108.6	108.7	107.5	107.5
Debt/Equity (x)	8.8	9.3	9.9	10.0	10.6	11.5	12.1	13.0	13.4
Gross NPAs	271	259	211	176	189	251	295	352	424
Gross NPAs to Adv.	1.1	0.8	0.5	0.3	0.3	0.3	0.3	0.2	0.2
Net NPAs	0	-21	-184	27	0	0	0	0	0
Net NPAs to Adv.	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0

Valuation

Book Value (INR)	7.6	9.0	10.9	13.8	16.9	19.6	23.6	28.5	35.5
Price-BV (x)	17.3	14.6	12.1	9.6	7.8	13.5	11.2	9.3	7.4
Adjusted BV (INR)	7.6	9.1	11.3	13.7	16.9	19.6	23.6	28.5	35.5
Price-ABV (x)	17.3	14.5	11.7	9.6	7.8	13.5	11.2	9.3	7.4
EPS (INR)	2.0	2.6	3.4	4.1	4.9	5.6	6.8	8.6	10.8
EPS Growth (%)	36.8	31.1	31.0	19.9	20.2	14.2	21.0	26.1	26.2
Price-Earnings (x)	66.5	50.7	38.7	32.3	26.9	47.1	38.9	30.9	24.5
OPS (INR)	3.0	3.6	4.7	5.6	6.9	8.8	11.0	13.4	16.9
OPS Growth (%)	40.8	22.5	28.0	19.7	22.5	27.9	25.0	22.7	25.7
Price-OP (x)	44.3	36.2	28.2	23.6	19.3	30.1	24.1	19.6	15.6

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 171 branches and has loan book of nearly INR100b.

Exhibit 11: Sensex rebased

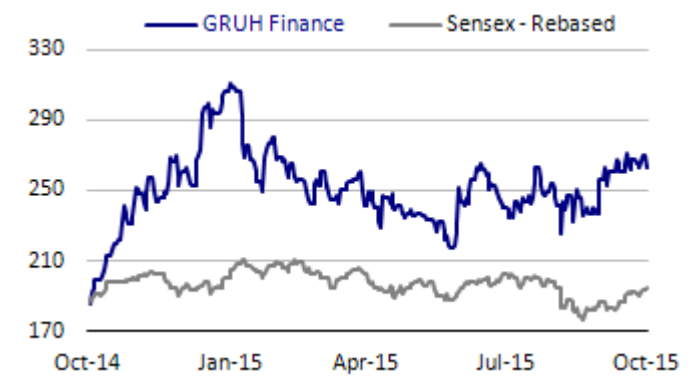


Exhibit 12: Shareholding pattern (%)

	Jun-15	Mar-15	Jun-14
Promoter	58.6	58.6	59.2
DII	3.1	2.5	0.7
FII	12.3	12.7	16.5
Others	26.0	26.2	23.6

Note: FII Includes depository receipts

Exhibit 14: Top management

Name	Designation
Keki M Mistry	Chairman
Sudhin Choksey	Managing Director & CEO

Exhibit 13: Top holders

Holder Name	% Holding
Axis Mutual Fund Trustee Ltd A/c Axis Mutual Fund A/c	2.2
Smallcap World Fund Inc	1.9
Matthews India Fund	1.2

Exhibit 15: Directors

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

*Independent

Exhibit 16: Auditors

Name	Type
Sorab S Engineer & Co	Statutory

Exhibit 17: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	6.8	-	-
FY17	8.6	-	-
FY18	10.8	-	-

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