



Housing Finance Company

## SRG Housing Finance Ltd.

Asian Markets Securities Pvt. Ltd.

### Institutional Research

<b>CMP (Rs)</b>	<b>192.8</b>
Market cap (Rs mn)	2505

### Key Stock Data

BSE Code	534680
Shares O/s mn(FY Rs10)	13.0
Dividend Yield (%)	0.0
52-week high/low	193/63
3-m daily avg vol.	7,874
IPO Price	Rs. 20
IPO Date	22nd to 24th Aug2012

### Price Performance

(%)	1m	3m	12m
SRGHFL	13.4	58.5	207.2
NIFTY	2.3	7.6	17.7
SENSEX	3.0	7.4	16.7

### Shareholding Pattern

(%)	Sep16	Dec16	Mar17
Promoter	54.7	59.6	53.9
FII	-	-	-
DII	-	-	-
Others	45.4	40.4	46.1

M.D. - Mr. Vinod Jain

Auditors ValawatJha Pamecha &amp; Co

Reg Office: Udaipur, Rajasthan

Web Site: www.srghousing.com

### Company profile

The Company was incorporated on 10th March, 1999 in Jaipur in the name of Vitalise Finlease Private Ltd. with an object to provide of housing finance. Promoters changed its name and subsequently converted it to Public Limited Company as SRG Housing Finance LTD. (SRGHFL) The Company started its business operation after getting license from National Housing Bank.

SRGHFL got listed at BSE SME Platform on September 11, 2012 through its IPO. Further the company got migrated to Main Board of BSE Limited w.e.f. 04.02.2015, being India's 1st Company to migrate from BSE SME to BSE Main Board.

The company operates through its Head Office at Udaipur and 19 satellite offices (of which eight have been opened during last one year) located within Rajasthan, Maharashtra and MP. Apart from this, the company also utilizes branch network of its group companies for generating business. Entire process involving credit approval, sanction, disbursement and recovery is carried out from its Head Office.

### Business Model -

SRGHFL operates through its Head Office at Udaipur and 19 satellite offices (of which 8 have been opened during last one year) located within Rajasthan, Maharashtra and MP. For FY16 SRGHFL's loan book stood at Rs. 532.85mn.

SRGHFL's major focus has been to provide home loans to individuals and families for purchase, construction and extension. SRGHFL also provides loans for repair and renovation of houses and home loans to families in the self-employed category where formal income proofs are not easily available and the repayment capacity of such families are appraised based on their cash flows.

The loan portfolio is diversified across Business class, salaried and non-salaried borrowers. The non-salaried borrower base, which the company believes is a relatively under penetrated target segment, comprises Self Employed Professionals and Self Employed Non-Professional.

Apart from extending home loans, SRGHFL offers builders loan where financing to builders for their housing projects for purchase of land, conversion and development of land, development of housing colonies, construction of flats, houses, etc. with repayment linked with sale of flats or on EMI basis are made. SRGHFL also offers loan to Non Resident Indians for construction and purchase of Residential properties in India.

### Financial performance

Over FY12-17, SRGHFL posted NII, PPoP, PAT and loan book CAGR of 62%, 56%, 53% and 61% respectively. For FY17 SRGHFL reported NII at Rs88.8mn, PPoP at Rs40.3mn & PAT at 27.1mn. Company reported healthy NIM of 12.8% & PATM of 30%.

For FY17 SRGHFL's loan book stood at Rs. 818.3mn, company disbursed Rs. 473.7 mn during the year as against Rs. 273.1 mn in the previous year.

For FY17 Asset quality remained stable with GNPA at 1.57% & NNPA at 1.21%.

### Exhibit 1: Key Financials (Standalone)

Y/E Mar (Rs mn)	FY13	FY14	FY15	FY16	FY17
NII	16.9	34.1	44.5	61.4	89
yoy (%)	114.4	102.4	30.4	37.9	44.6
Other Income	0.1	-	0.3	0.7	0
yoy (%)	(1.5)	(100.0)	-	134.1	(56.5)
Operating Profit	9.4	18.0	22.7	28.1	40
yoy (%)	112.9	91.4	26.3	23.6	43.6
PAT	6.4	11.9	15.4	18.7	27
yoy (%)	96.8	87.6	28.7	21.6	45.0
Net Worth	125.1	136.8	147.1	164.1	340

Source: Company, AMSEC Research

### Exhibit 2: Key Indicators

Y/E Mar	FY13	FY14	FY15	FY16	FY17
Adj. BV (₹)	15.4	16.7	12.7	14.2	26.1
EPS (₹)	0.8	1.5	1.4	1.7	2.1
Gross NPA (%)	1.03	0.96	1.04	1.01	1.57
Net NPA (%)	0.51	0.73	0.76	0.70	1.21
NIM Calc. (%)	12.6	14.8	13.3	13.0	12.8
P/ABV (x)	12.5	11.5	15.1	13.6	7.4
PER (x)	244.8	130.5	142.0	116.8	92.5
Avg. RoA (%)	4.39	4.75	4.33	3.72	3.2
Avg. RoE (%)	7.3	9.1	10.8	12.0	10.8

## Financials

(Rs mn)

### Profit and Loss Statement

Y/E March	FY13	FY14	FY15	FY16	FY17
Interest Earned	23.4	47.4	68.4	101.8	145.3
Interest expended	6.5	13.3	23.9	40.4	56.5
<b>Net interest income</b>	<b>16.9</b>	<b>34.1</b>	<b>44.5</b>	<b>61.4</b>	<b>88.8</b>
Non-interest income	0.1	0.0	0.3	0.7	0.3
Fee Income	0.1	0.0	0.3	0.3	0.3
Others	0.0	0.0	0.0	0.4	0.0
<b>Net total income</b>	<b>16.9</b>	<b>34.1</b>	<b>44.8</b>	<b>62.1</b>	<b>89.1</b>
Operating expenses	7.6	16.2	22.1	34.0	48.8
Employee expense	3.5	5.8	7.5	14.3	17.7
Other expense	4.0	10.4	14.6	19.8	31.1
<b>PPoP</b>	<b>9.4</b>	<b>18.0</b>	<b>22.7</b>	<b>28.1</b>	<b>40.3</b>
Provision & Contingency	1.0	1.0	0.0	0.4	0.0
PBT	8.4	17.0	22.7	27.7	40.3
Tax	2.0	5.0	7.3	9.0	13.2
<b>PAT</b>	<b>6.4</b>	<b>11.9</b>	<b>15.4</b>	<b>18.7</b>	<b>27.1</b>

### Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17
<b>Liabilities</b>					
Equity Capital	81	81	113	113	130
Reserves	44	56	34	51	210
Networth	125	137	147	164	340
Borrowings	38	155	247	389	605
Other Liab&Prov	40	8	15	41	179
<b>Total Liabilities</b>	<b>203</b>	<b>300</b>	<b>409</b>	<b>594</b>	<b>1,125</b>
<b>Assets</b>					
Current assets	4	15	13	44	278
Investments	0	0	0	0	0
Advances	188	264	387	533	818
Fixed Assets	1.2	1.5	1.5	8	8
<b>Total Assets</b>	<b>203</b>	<b>300</b>	<b>409</b>	<b>594</b>	<b>1,125</b>

### Growth matrix P&L (%)

Y/E March	FY13	FY14	FY15	FY16	FY17
Interest Earned	85.6	102.7	44.4	48.8	42.6
Interest expended	37.6	103.7	80.2	69.1	39.6
<b>Net interest income</b>	<b>114.4</b>	<b>102.4</b>	<b>30.4</b>	<b>37.9</b>	<b>44.6</b>
Non-interest income	(1.5)	(100.0)	-	134.1	(56.5)
Fee Income	16.7	(100.0)	-	14.0	(14.2)
Others	(100.0)	-	-	-	(96.6)
<b>Net total income</b>	<b>113.4</b>	<b>101.5</b>	<b>31.3</b>	<b>38.5</b>	<b>43.5</b>
Operating expenses	114.0	114.2	36.8	53.8	43.4
Employee expense	41.9	63.6	29.2	90.1	24.3
Other expense	289.8	159.0	41.1	35.2	57.3
PPoP	112.9	91.4	26.3	23.6	43.6
Provision & Contingency	-	-	(100.0)	-	(100.0)
PBT	90.3	102.3	33.8	22.1	45.4
Tax	72.2	148.2	45.8	23.1	46.3
<b>PAT</b>	<b>96.8</b>	<b>87.6</b>	<b>28.7</b>	<b>21.6</b>	<b>45.0</b>

### Growth matrix Balance Sheet (%)

Y/E March	FY13	FY14	FY15	FY16	FY17
Net-worth	154.6	9.3	7.6	11.5	107.1
Borrowings	9.7	306.8	59.1	57.3	55.8
Advances	148.7	40.2	46.5	37.8	53.6

### Ratios

Capital Adequacy Ratios(%)	FY13	FY14	FY15	FY16	FY17
CRAR (%)	67.4	61.3	50.3	49.9	20.8
Tier I (%)	67.4	61.3	50.3	49.9	20.8
Asset quality (%)	FY13	FY14	FY15	FY16	FY17
GNPA (%)	1.0	1.0	1.0	1.0	-
NNPA (%)	0.5	0.7	0.8	0.7	-
Slippage Ratio (%)	(1.2)	0.3	0.6	0.4	(1.0)
PCR (ex tech write offs) (%)	50.5	24.0	26.9	30.7	257.7
Credit Costs (%)	-	0.4	-	0.1	-
Provisioning / avg assets (%)	0.7	0.4	-	0.1	-

### Other operating indicators (%)

	FY13	FY14	FY15	FY16	FY17
Yield on advances	17.7	21.0	21.0	22.1	22.0
Yield on int earning assets	17.5	20.6	20.5	21.6	21.0
Cost of Funds	17.9	13.7	11.9	12.7	11.4
NIM	12.6	14.8	13.3	13.0	12.8
Spread	-0.4	6.8	8.6	8.9	9.6
Cost to income (%)	44.6	47.4	49.4	54.8	54.8
Interest income/total income	99.6	100.0	99.3	98.9	99.7
other income/total income	0.4	-	0.7	1.1	0.3
CAR (%)	67.4	61.3	50.3	49.9	20.8
Tier I (%)	67.4	61.3	50.3	49.9	20.8
Debt Equity Ratio (X)	0.3	1.1	1.7	2.4	1.8
Tax Rate (%)	24.1	29.6	32.3	32.6	34.0

### Valuation Table

	FY13	FY14	FY15	FY16	FY17
Net profit (Rsmn)	6.4	12	15	19	27
Shares in issue (mn)	8.1	8.1	11.3	11.3	13.0
EPS (Rs)	0.79	1.48	1.36	1.65	2.08
EPS growth (%)	(25.7)	87.6	(8.1)	21.6	26.2
PE (x)	244.8	130.5	142.0	116.8	92.5
P/PPP (x)	166.0	86.7	96.1	77.7	62.2
Book value (Rs/share)	15.5	16.9	13.0	14.5	26.1
P/BV (x)	12.4	11.4	14.8	13.3	7.4
Adj book value (Rs/share)	15.4	16.7	12.7	14.2	26.1
P/ABV (x)	12.5	11.5	15.1	13.6	7.4
ROAA (%)	4.4	4.7	4.3	3.7	3.2
ROE (%)	7.3	9.1	10.8	12.0	10.8
Dividend Yield (%)	-	-	0.13	-	-
DPS (Rs)	-	-	0.25	-	-

### Du pont Decomposition (%)

	FY13	FY14	FY15	FY16	FY17
Yield on Assets	16.1	18.9	19.3	20.3	16.9
Less: Cost of Assets	4.5	5.3	6.7	8.1	6.6
Net Interest Income	11.6	13.6	12.6	12.2	10.3
Other Income	0.0	-	0.1	0.1	0.0
Less: Operating Exp	5.2	6.4	6.2	6.8	5.7
Less: Provisions	0.7	0.4	-	0.1	-
Less: Tax	1.4	2.0	2.1	1.8	1.5
<b>RoAA</b>	<b>4.4</b>	<b>4.7</b>	<b>4.3</b>	<b>3.7</b>	<b>3.2</b>
Leverage	1.7	1.9	2.5	3.2	3.4
<b>RoE</b>	<b>7.3</b>	<b>9.1</b>	<b>10.8</b>	<b>12.0</b>	<b>10.8</b>

Source: Company, AMSEC Research