

FUNDAMENTAL ANALYSIS

VALUE INVESTING

GROWTH INVESTING

1 Multibagger 2020 Penny Stock

THIS COULD BECOME FUTURE **BAJAJ FINANCE**

A finance company undergoing 30% growth. Celebrity Investor holding it
Intrinsic Value discount of 90%
Promoters increased 8% holdings
Trading near book value

BUY THEM before the Valuations Change!

Introduction

Dear Investor,

Good Day!

Welcome to our Free Multibagger. Here we will be providing Unique Multibaggers Stocks for Indian Stock Market.

As we informed in our Recession Newsletter, the current economy is in a Bear Run, the BEACH (Booking, Entertainment, Airlines, Casino, Hotel) sectors have undergone 50% above business crash & it is cascading to other sector like Oil etc. We believe this will continue for 3-6 months from now & It provides ample opportunity in building portfolio for next 5-8 years.

This Free Multibagger is part of our **2 Year Subscription Plan**.

Futurecaps is a SEBI Registered Research Analyst providing **Trusted, Affordable** Research service to Retail Investors since last **10 years**. Our motto is to direct Indian Investors in the right directions to achieve Wealth & Financial Freedom.

In the past our Value Growth Portfolio witnessed **500-1000%** returns on our recommendations. We were lucky to exit the Portfolio at the **Peak** of 2018 thereby saving ourselves from massive crash. All these with the help of **Intrinsic Value** which is Tool used by Warren Buffet.

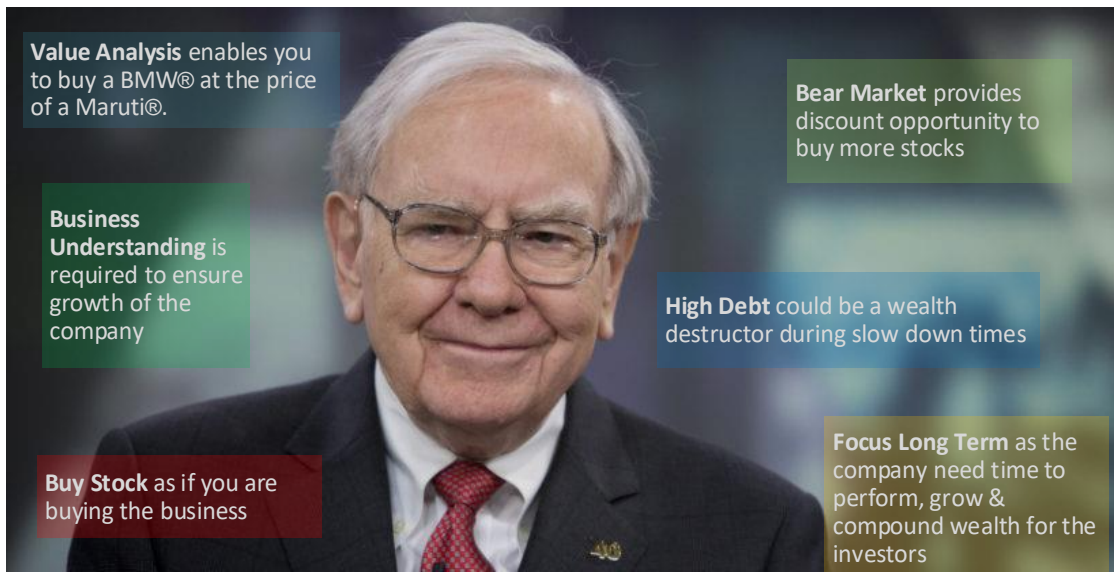
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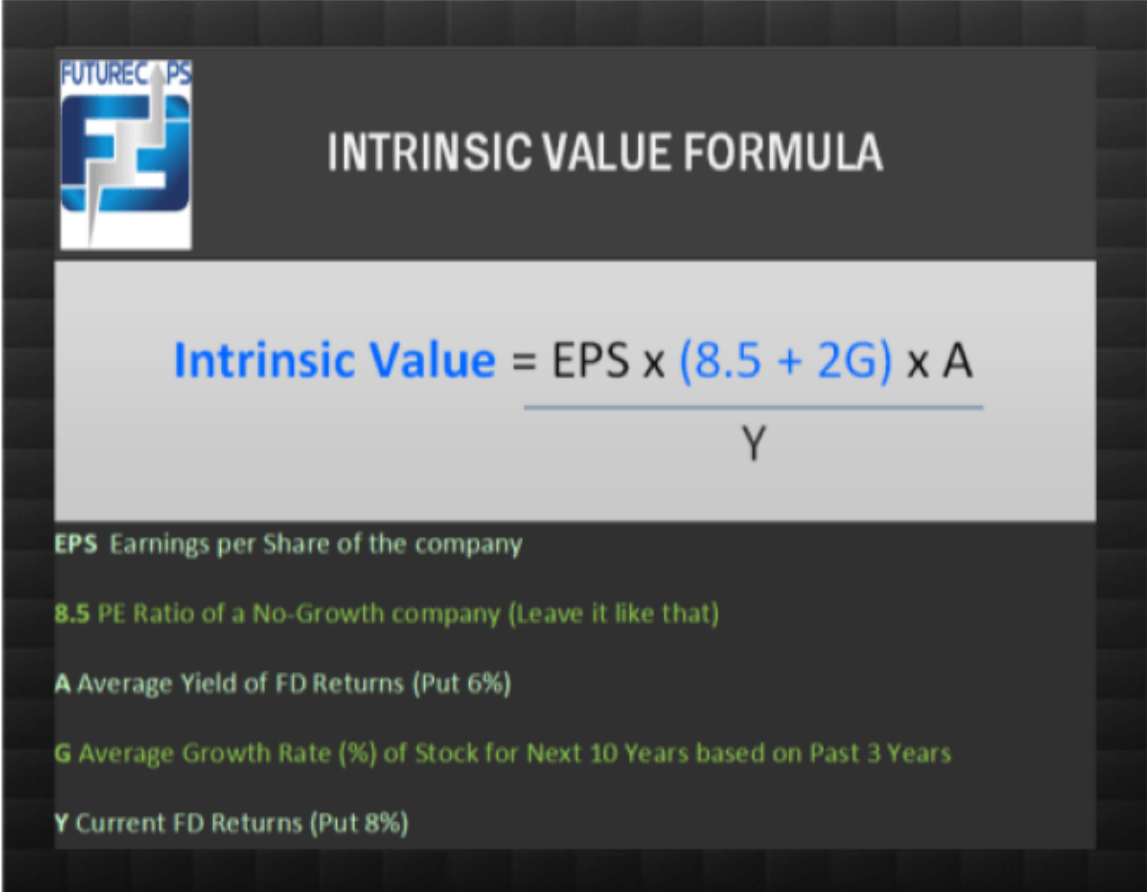
Investment Philosophies

Futurecaps follows Warren Buffet style of Investing Principles. The same is applied in the Selection of the Multibaggers here.



Intrinsic Value

We use Intrinsic Value calculation of Warren Buffet & Created an Online Tool for same free here. We recommend this is the Single Tool you would require to analyse quickly any stocks.



INTRINSIC VALUE FORMULA

$$\text{Intrinsic Value} = \frac{\text{EPS} \times (8.5 + 2G) \times A}{Y}$$

EPS Earnings per Share of the company

8.5 PE Ratio of a No-Growth company (Leave it like that)

A Average Yield of FD Returns (Put 6%)

G Average Growth Rate (%) of Stock for Next 10 Years based on Past 3 Years

Y Current FD Returns (Put 8%)

<https://futurecaps.com/intrinsic-value-calculator/>

(click above link to Use & Learn the tool)

1 MULTIBAGGER PENNY STOCK

THIS COULD BECOME FUTURE **BAJAJ FINANCE**

SRG HOUSING FINANCE

NSE Code	SRGHFL.NS
BSE Code	534680
CMP	Rs. 80 (2020 Feb)
Potential	Rs. 500-1000 (5 Years)
Capitalization	120 Cr.
Company URL	https://www.srghousing.com/



INTRODUCTION

SRG Housing Finance Ltd. was incorporated in 1999 in Jaipur, Rajasthan is into the business of housing finance. The company was listed in the SME platform during 2012 and later upgraded to BSE in 2015. The managing director of the company is Mr. Vinod K Jain. The company has 30 branches across 4 states – Rajasthan, Maharashtra, Madhya Pradesh, Gujarat.

Products: Company provides the following 3 Loan products:

- Housing Loans for Individuals
- Loan against Property
- Loan for Builders



GROWTH FACTORS

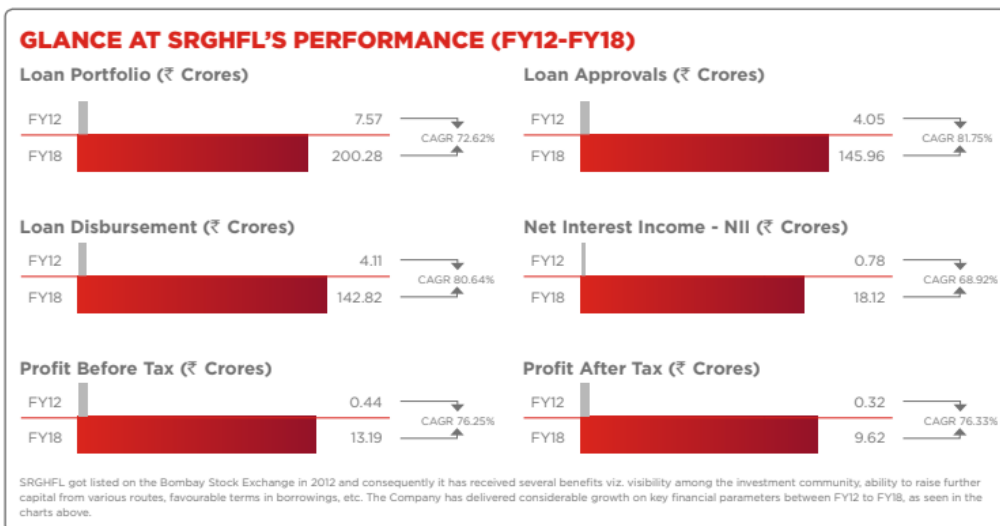
The company is witnessing Huge Growth in Loan Portfolio, Profit, EPS thereby increasing the Shareholder capital.

- Loan Portfolio Growth of 145%
- Profit Growth of 256%
- EPS Growth of 70%

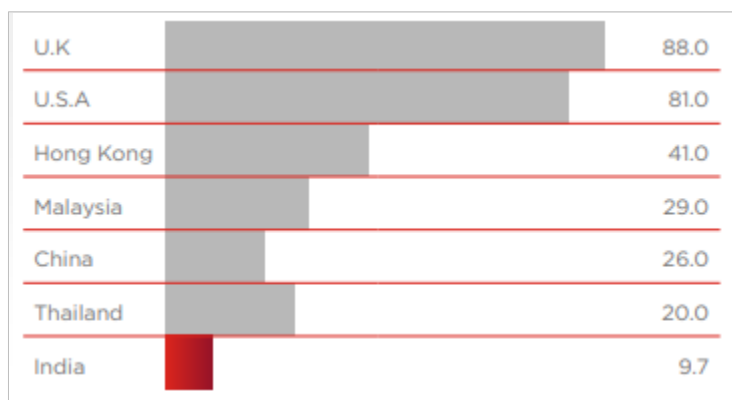
In Trailing Year, the company demonstrated 80% growth rate in Revenue & Profits.

Company's main business model is to provide housing finance to people in rural area which is generally ignored by mainstream financial institutions. Company have customized loan products with strong asset quality thereby positioned to grow with the India Growth Story of Rapid Urbanization, RERA Regulations, Government Schemes like PMAY (Pradhan Mantri Awas Yojna) once they are full fledge implemented.

AUM: In the last 7 years the AUM (Asset Under Management) growth 26 times which is very commendable achievement. The last 5-year performance is Impressive with 76% CAGR in Net Profit.



India Growth Opportunity Indian Mortgage Sector is positioned at 10% of GDP as of today. Compared to the global market this is very low. This give 1000% growth opportunity for the sector as well as the company.



Rating & Promoters In last financial year the Credit Rating of the company got improved. Company is starting new branches across India. Promoters also increased their holdings in past 3 years.

Funding SRG has diversified source of funds including Banks, Financial Institutions, NCDs etc. with Ready Funding to ensure smooth of business. The LTV (Loan to Value) is maintained at 50%.

Discount The company is trading at 40% discount due to the smallcap & midcap price crash in current markets. We believe this is a huge discount for such a growth company.

SWOT Analysis

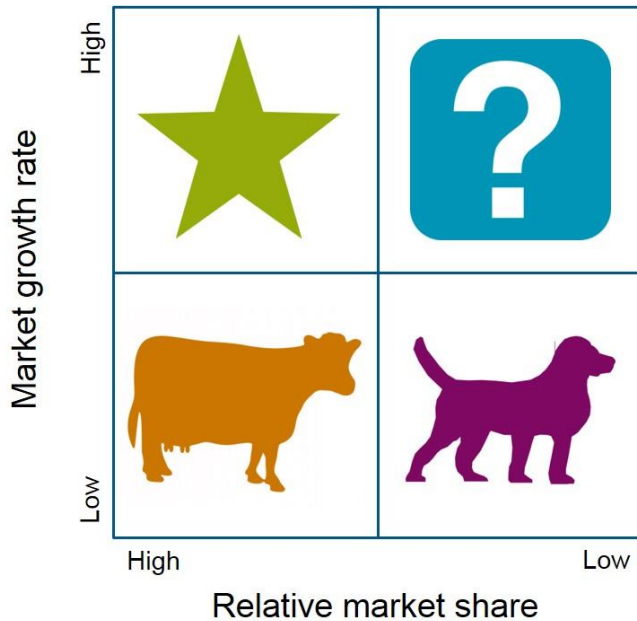
SWOT (Strength-Weakness-Opportunity-Threat) Analysis:



STRENGTH Rural Area Customers Aggressive Growth Expansion Plans Customized Products High Capital Adequacy Retained Earnings Low NPA	WEAKNESS Less known Brand Debt Increase
OPPPORTUNITY Brand Building Urbanization, PMAY Tier I Focus PAN India Presence Mortgage Growth of 1000%	THREAT Bigger Players entering Rural Segment Borrower Defaults Government Regulations Economic Risks

BCG Matrix

BCG (Boston Consulting Group) Matrix is **Question Mark (?)** since the Sector has high growth potential & the company is having a low share currently.



PEER Comparison

Following are the Peer Comparison against SRG Housing Finance:

COMPANY	PE RATIO	PB RATIO	EPS GROWTH	CAPITALIZATION	ROE	ROCE
SRG HOUSING FINANCE	20	8	50%	330 Cr.	26%	16%
GRUH FINANCE	47	10	30%	20000 Cr.	29%	11%
LIC HOUSING FINANCE	12	2	12%	26000 Cr.	17%	9%

P&L

In the past the company witnessed 200% above growth in Revenue, Net Profit & EPS in past 3 years. The current year results including QR is also growing at 70% rate.

Profit & Loss Figures in Rs. Crores

	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019
Revenue	6.87	10.25	14.56	34.16	59.49
Interest	2.39	4.04	5.74	11.27	23.01
Expenses +	2.13	3.36	4.48	11.43	15.97
Financing Profit	2.35	2.85	4.34	11.46	20.51
Financing Margin %	34.21%	27.80%	29.81%	33.55%	34.48%
Other Income	0.00	0.00	0.00	0.10	0.01
Depreciation	0.08	0.08	0.32	0.44	0.55
Profit before tax	2.27	2.77	4.02	11.12	19.97
Tax %	32.16%	32.49%	32.84%	27.34%	29.04%
Net Profit	1.54	1.87	2.71	8.08	14.17
EPS in Rs	1.31	1.65	2.08	6.21	10.90
Dividend Payout %	18.36%	0.00%	0.00%	0.00%	0.00%

CHECKLIST

Following are the Core Checklist to ensure Value & Growth Parameters.

Parameter	Description	Legend
Revenue Growth	Yes	Good
Profit Growth	Yes	Good
Profit Margin	Above 25%	Superb
EPS Growth	Yes	Good
Trailing Growth	Yes	Good
PE Ratio	23	Okay
PB Ratio	8. Very high due to the high growth visibility.	Bad
PEG Ratio	0.5	Good
DE Ratio	4.0	Okay
Current Ratio	6	Good
Quick Ratio	6	Good
ROE	25%	Good
ROCE	15%	Good
Reserves	Increasing	Good

Cash Flow	Negative	Bad
Paying Tax	Yes	Good
Paying Dividends	No. But reinvesting in business for better growth.	Okay
Power of Brand	Moderate	Okay
Future Sector Growth	Yes	Good
Expected Company Growth Rate	30%	Good
Expansion Plans	Yes	Good
Promoter Holdings	58%, Increasing	Good
Corporate Governance	Yes	Good
Fraud Reported	No	Good
Celebrity Investors	Yes	Good
Trading at Discount	Yes	Good

RISKS

Following are the Risks associated with the investment:

- Company is into Loan business with usage of Debts. Any global factors like recession or massive jobs losses will cause Default by customers leading to Debt repayment issues.
- Any government regulations affecting the Home Loans will adversely affect the profitability of the company.
- Bigger Finance Players entering the Rural segments, Tier II & III sectors will affect the profitability of the company.
- NBFC Crisis Continuation can adversely affect all the Prices of Companies in this Sector

SUMMARY

Given the Facts & Analysis we recommend SRG Housing Finance as a **Multibagger** in the order of 5-10 bagger plus returns for a 5-year holding period.

It can also grow tremendously like 100-bagger like Bajaj Finance if the growth continues beyond 5 years period too.

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