

APRIL 06, 2016

## CARE REAFFIRMS THE RATING ASSIGNED TO THE ENHANCED BANK FACILITIES OF REPCO HOME FINANCE LIMITED

### Ratings

| Facilities                   | Amount<br>(Rs. crore)  | Ratings <sup>1</sup>          | Remarks    |
|------------------------------|--|-------------------------------|------------|
| Long-term Bank<br>Facilities | 3045.01<br>[enhanced from 1545.01]   | <b>CARE AA<br/>(Double A)</b> | Reaffirmed |
| <b>Total</b>                 | <b>3,045.01</b><br><b>(Rupees Three Thousand Forty Five crore and One lakh only)</b> |                               |            |

### Rating Rationale

The rating assigned to the bank facilities of Repco Home Finance Limited (RHFL) continues to derive strength from the consistent growth in the scale of operations in the past 2 years ended March 2015 and higher than industry growth during this period while maintaining asset quality.

The rating further factors in the established track-record of the company in south India, especially in the tier II & tier III cities, comfortable capital adequacy, healthy profitability and experienced senior management team. The rating also takes note of efforts taken by the company towards diversification of its resource profile. The rating is constrained by the regional concentration of the loan portfolio, moderate asset quality parameters and the relatively higher exposure to certain riskier borrower segments.

Going forward, the ability of RHFL to grow its advances portfolio with focus on geographical diversification, while improving the asset quality and profitability amidst the challenging economic environment and intensely competitive industry scenario is the key rating sensitivity.

### Background

RHFL is a housing finance company (HFC) registered with National Housing Bank (NHB). RHFL was established in April 2000 as a wholly-owned subsidiary of the 'Repatriates Cooperative Finance and Development Bank Limited' (Repco Bank), a Government of India enterprise. As on June 30, 2015, 37.25% equity stake in RHFL was held by Repco Bank.

The company is concentrating on the tier-II & tier-III cities largely concentrated in South India. Out of RHFL's outstanding loan portfolio of Rs.6,013 crore, 43% was towards the salaried segment and the rest was towards self-employed segment of borrowers as on March 31, 2015. RHFL had presence in 10 states and one union territory through its network of 108 branches and 38 satellite centres (sub-branches) as on March 31, 2015, following a hub-and-spoke model.

During FY15 (refers to the period April 1 to March 31), RHFL earned a PAT of Rs.123 crore on a total operating income of Rs.693 crore as against a PAT of Rs.110 crore on a total income of Rs.535 crore in FY14. RHFL had a total CAR of 20.26% and Gross NPA & Net NPA ratios of 1.32% and 0.50%, respectively, as on March 31, 2015.

During 9MFY16, the company reported a PAT of Rs.108 crore on the total income of Rs.642 crore.

### Analyst Contact

Name: Mr P. Sudhakar  
 Tel: 044-2849 7812  
 Cell: + 91 94422 28580  
 Email: p.sudhakar@careratings.com

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**CONTACT****Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: [sanjay.agarwal@careratings.com](mailto:sanjay.agarwal@careratings.com)**Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: [amod.khanorkar@careratings.com](mailto:amod.khanorkar@careratings.com)**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,  
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: [mehul.pandya@careratings.com](mailto:mehul.pandya@careratings.com)**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)**CHANDIGARH****Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,  
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: [sajan.goyal@careratings.com](mailto:sajan.goyal@careratings.com)**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,  
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square  
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**HYDERABAD****Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,  
Madho Singh Road, Near Collectorate Circle,  
Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,  
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)**PUNE****Mr. Rahul Patni**9th Floor, Pride Kumar Senate,  
Plot No. 970, Bhamburda, Senapati Bapat Road,  
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: [rahul.patni@careratings.com](mailto:rahul.patni@careratings.com)**CIN - L67190MH1993PLC071691**