

**AUGUST 13, 2014**

## CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES AND DEBT INSTRUMENTS OF REPCO HOME FINANCE LIMITED

**Ratings**

Facilities	Amount (Rs. Crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	1,540.36 (reduced from 1,549.67)	CARE AA- (Double A Minus)	Reaffirmed
Non-Convertible Debentures	500.00	CARE AA- (Double A Minus)	Reaffirmed
Commercial Paper	250.00	CARE A1+ (A One Plus)	Reaffirmed

**Rating Rationale**

The ratings assigned to the bank facilities and debt instruments of Repco Home Finance Limited (RHFL) continue to factor in the established track-record of the company in south India, especially in the tier II & tier III cities, comfortable capital adequacy & liquidity profile, healthy profitability and experienced senior management team. The ratings also take note of the moderate size of portfolio with fairly high growth rate, regional concentration of the loan portfolio, relatively 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**

Repco Home Finance Limited (RHFL) is a housing finance company (HFC) registered with National Housing Bank (NHB). RHFL is a medium-sized HFC, 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. RHFL's shares are listed on NSE & BSE post its IPO in FY13 (refers to the period April 01 to March 31). As on June 30, 2014, 37.37% equity stake in RHFL was held by Repco Bank followed by 17.74% stake held by PE fund, Carlyle group, which was sold later in July 2014.

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.4,662 crore, 45% was towards the salaried segment and the rest was towards self-employed segment of borrowers as on March 31, 2014. RHFL has a presence in 10 states/union territories through its network of 91 branches and 41 satellite centres (sub-branches) as on July 15, 2014, following a hub-and-spoke model.

During FY14 (refers to the period April 1 to March 31), RHFL earned a PAT of Rs.110 crore on a total operating income of Rs.535 crore as against a PAT of Rs.80 crore on a total income of Rs.406 crore in FY13. RHFL had a total CAR of 24.51% and Gross NPA & Net NPA ratios of 1.47% and 0.72%, respectively as on March 31, 2014.

**Analyst Contact**

Name: P.Sudhakar

Tel: 044-2489 7812

Email: [p.sudhakar@careratings.com](mailto:p.sudhakar@careratings.com)

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

*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

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## CONTACT

### Head Office Mumbai

**Mr. D.R. Dogra**

Managing Director  
 Mobile: +91-98204 16002  
 E-mail: dr.dogra@carerating.com

**Ms. Meenal Sikchi**

Vice President - Bank Loan & Instrument Rating  
 Mobile: +91-9819009839  
 E-mail: meenal.sikchi@carerating.com

**Mr. Rajesh Mokashi**

Dy. Managing Director  
 Mobile: +91-98204 16001  
 E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Vice President - Bank Loan & Financial Services  
 Mobile: +91-9819698985  
 E-mail: ankur.sachdeva@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

**Other Office:**

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069  
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

**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

**BENGALURU**
**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
 No. 30, M.G. Road, Bangalore - 560 001.  
 Cell: +91-99000 41975  
 Tel: +91-80-4115 0445, 4165 4529  
 E-mail: dinesh.sharma@careratings.com

**CHANDIGARH**
**Mr. Sajjan 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

**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

**HYDERABAD**
**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
 Hyderabad - 500 029.  
 Tel: +91-40-4010 2030  
 E-mail: saikat.roy@careratings.com

**JAIPUR**
**Mr. Rahul Jain**

304, Pashupati Akshat Heights, Plot No. D-91,  
 Madho Singh Road, Near Collectorate Circle,  
 Bani Park, Jaipur - 302 016.  
 Cell: +91 - 93149 21496  
 Tel: +91-141-402 0213 / 14  
 E-mail: rahul.jain@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

**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

**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

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