CARE Ratings
Professional Risk Opinion

JULY 28, 2016

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

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	3,045.01 (Rupees Three thousand Forty Five crore and One lakh only)	CARE AA [Double A]	Reaffirmed
Non-Convertible Debentures – I	500.00 (Rupees Five hundred crore only)	CARE AA [Double A]	Reaffirmed
Non-Convertible Debentures – II	1,000.00 (Rupees One thousand crore only)	CARE AA [Double A]	Reaffirmed
Commercial Paper	250.00 (Rupees Two hundred and Fifty crore only)	CARE A1+ [A One Plus]	Reaffirmed

Rating Rationale

The reaffirmation in the ratings assigned to various debt instruments and long-term bank facilities of Repco Home Finance Limited (RHFL) continues to factor 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 ratings also take note of consistent growth in scale of operations in the past three years ended March 2016 and efforts taken by the company towards diversification of its resource profile. The ratings are constrained by the regional concentration of the loan portfolio, moderate asset quality parameters and the relatively higher exposure to certain riskier borrower segments.

The ability of RHFL to grow its advances portfolio with a focus on geographical diversification, while improving the asset quality and profitability amidst the 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 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 March 31, 2016, 37.14% 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.7,691 crore as on March 31, 2016, 41% was towards the salaried segment and the rest was towards self-employed segment of borrowers. RHFL had a presence in eleven states and one union territory through its network of 115 branches and 35 satellite centres (sub-branches) as on March 31, 2016, following a hub-and-spoke model.

During FY16 (refers to the period April 1 to March 31), RHFL earned a PAT of Rs.150 crore on a total operating income of Rs.881 crore as against a PAT of Rs.123 crore on a total income of Rs.693 crore in FY15. RHFL had a total CAR of 20.80% and Gross NPA & Net NPA ratios of 1.31% and 0.48%, respectively as on March 31, 2016.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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CIN - L67190MH1993PLC071691