SEPTEMBER 30, 2015

CARE REVISES THE LT RATING AND REAFFIRMS THE ST RATING ASSIGNED TO THE BANK FACILITIES AND DEBT INSTRUMENTS OF REPCO HOME FINANCE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	1,545.01 (Rupees One thousand Five hundred Forty Five crore and One lakh only)	**CARE AA (Double A)**	Revised from CARE AA- (Double A Minus)
Non-Convertible Debenture	500.00 (Rupees Five hundred crore only)	**CARE AA (Double A)**	Revised from CARE AA- (Double A Minus)
Commercial Paper	250.00 (Rupees Two hundred and Fifty crore only)	**CARE A1+ (A One Plus)**	Reaffirmed

Rating Rationale

The revision in the long-term rating assigned to bank facilities and debt instruments of Repco Home Finance Limited (RHFL) factors in consistent growth in scale of operations in the past two years ended March 2015 and higher than industry growth during this period while maintaining asset quality.

The ratings 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, healthy profitability and experienced senior management team. The ratings also take note of 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.

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 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 ten 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.

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

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**

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.

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@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. 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

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

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

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

JAIPUR
Mr. Rakesh Jayaraman
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 76655 96136
Tel: +91-141-402 0213 / 14
E-mail: rakesh.jayaraman@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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