

Repc Home Finance

 BSE SENSEX
 28,085

 S&P CNX
 8,678

CMP: INR829
TP: INR966 (+17%)
Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2016 for India Research, Sales and Trading team. We request your ballot.




Bloomberg	REPCO IN
Equity Shares (m)	61.0
M.Cap.(INR b)/(USD b)	50.6/0.8
52-Week Range (INR)	870 / 552
1, 6, 12 Rel. Per (%)	5/18/12
12M Avg Val (INR M)	58
Free float (%)	62.9

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
NII	3.0	3.9	5.1
PPP	2.7	3.5	4.5
PAT	1.5	1.9	2.5
EPS (INR)	24.0	30.4	39.7
BV/Sh. (INR)	152.7	179.5	214.6
RoAA (%)	2.2	2.2	2.2
RoE (%)	17.0	18.3	20.1
Payout (%)	11.6	11.6	11.6
P/E (x)	34.5	27.3	20.9
P/BV (x)	5.4	4.6	3.9
Div. Yield (%)	0.3	0.4	0.5

 Estimate change 

 TP change 

 Rating change 

- Repc Home Finance's (REPCO) 1QFY17 PAT grew 30.8% YoY (5% beat), driven by strong NII growth (+27% YoY, 3% beat) and significant cost control. Moreover, operating expenses declined 3.5% YoY (20% miss).
- Business momentum remained healthy, with the loan book up 26% YoY to INR79.6b, in line with prior quarters' growth trajectory. However, sanctions and disbursements in 1QFY17 grew only 3% each due to the impact of Tamil Nadu state elections. However, management expects disbursement growth to pick up going forward. The loan mix shifted marginally toward self-employed (59.1% share v/s 57.1% in 1QFY16). The share of LAP loans also increased marginally to 20.1%. Margins remained stable YoY at 4.3%.
- Asset quality remained stable YoY with GNPLs at 2.22% (also 2.22% in 1QFY16). However, REPCO made provisions of INR179m v/s INR113m in 1QFY16 in order to increase PCR, which stood 45.1% v/s 41.8% last year.
- Operating expenses fell 3.5% YoY, with an equivalent decline in both employee and other operating expenses. As a result, C/I ratio declined ~500bp YoY to 16.2%.
- Other highlights** a) Reported spreads remained stable YoY at 2.9%; b) Average ticket size stood at INR1.3m vs. INR1.2m in 1QFY16; c) Share of bank borrowings continued to decline to 63.2% from 72.4% in 4QFY16. While REPCO had stopped borrowing from NHB due to technical reasons earlier, it restarted using NHB lines during the quarter. Share of NHB refinancing stood at 20%; d) Capital adequacy ratio stood at 20.1%, with entire capital being tier I.
- Valuation and view:** REPCO recorded loan book CAGR of 33% over FY10-16, with equally impressive earnings growth of 24%. The company's presence in underserved markets, pricing power on asset side, recent ratings upgrade (likely to lead to lower cost of funds), stringent cost control, credit appraisal processes and expanding reach should aid earnings growth over the medium term, in our view. We estimate healthy 30%/32% loan/PAT growth for next three years. REPCO trades at 4.6/3.8x FY17/18E BV. Maintain **Buy** with a TP of INR966/share (4.5x FY18 BV).

REPCO: Quarterly performance

Y/E March	FY16				FY17				FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Interest Income	1,935	2,084	2,191	2,312	2,389	2,580	2,761	3,192	10,923
Interest Expenses	1,271	1,344	1,410	1,460	1,550	1,642	1,741	2,059	6,992
Net Interest Income	664	740	781	852	840	938	1,020	1,134	3,931
YoY Growth (%)	25.2	24.7	32.8	28.7	26.5	26.8	30.7	33.1	29.5
Other income	66	80	63	91	80	75	90	90	335
Total Income	730	820	843	943	920	1,013	1,110	1,224	4,266
YoY Growth (%)	24.7	28.4	32.4	26.2	26.0	23.6	31.6	29.8	27.9
Operating Expenses	154	175	160	153	149	197	192	253	791
YoY Growth (%)	37.0	36.8	13.0	-7.1	-3.5	12.4	19.7	65.4	23.0
Operating Profits	576	644	683	790	771	816	918	971	3,475
YoY Growth (%)	21.8	26.3	37.9	35.7	33.9	26.6	34.4	22.9	29.1
Provisions	113	47	92	140	179	130	130	136	575
Profit before Tax	463	597	591	650	592	686	788	835	2,900
Tax Provisions	161	207	205	228	196	237	272	296	1,001
Profit after tax	302	391	386	422	395	449	516	539	1,900
YoY Growth (%)	21.8	21.2	25.5	21.3	30.8	15.0	33.8	27.7	26.6
Cost to Income Ratio (%)	21.1	21.4	19.0	16.2	16.2	19.4	17.3	20.7	18.5
Tax Rate (%)	34.7	34.6	34.7	35.0	33.2	34.5	34.5	34.5	34.5

E: MOSL Estimates

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Motilal Oswal research is available on www.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Quarterly performance v/s expectations and deviations for the same

Y/e March	1QFY17E	1QFY17A	Var (%)	Comments
Interest Income	2,358	2,389	1	
Interest Expenses	1,547	1,550	0	
Net Interest Income	811	840	4	Margins stable YoY at 4.3%
YoY Growth (%)	22.1	26.5		
Other income	70	80	14	
Total Income	881	920	4	
YoY Growth (%)	20.6	26.0		
Operating Expenses	187	149	-20	No ESOP provisions during the quarter led to lower opex
YoY Growth (%)	21.3	-3.5		
Operating Profits	694	771	11	Lower opex, led to beat
YoY Growth (%)	20.5	33.9		
Provisions	120	179	49	Higher provisions to shore up PCR
Profit before Tax	574	592	3	
Tax Provisions	198	196	-1	
Profit after tax	376	395	5	Lower opex offsets higher provisions
YoY Growth (%)	24.3	30.8		
Borrowings growth (%)	30.0	25.3		
Cost to Income Ratio (%)	21.2	16.2		
Tax Rate (%)	34.5	33.2		

Source: Company, MOSL

Loan book grew 26% YoY; Share of non-salaried borrowers continues to rise

- Business momentum remained healthy, with loan book up 26% YoY to INR79.6b, in-line with the growth witnessed in prior quarters. Management continues to guide to 25% YoY growth in AUM over the medium term, driven by increased growth in existing geographies.
- However, sanctions/disbursements for the quarter grew by only 3% each. Management clarified that this was due to the impact of the Tamil Nadu elections, which led to subdued performance in April and May. However, there was a pick-up in June and this should continue going forward.
- Continuing the trend of the past 14 quarters, loan mix shifted marginally towards self-employed which formed 59.1% of the mix, v/s 58.8% in 4QFY16 and 57.1% in 1QFY16. This is in-line with company's strategy to target the non-salaried segment.
- Growth was broad based with both segments (home loans and LAP) growing at a healthy pace. LAP loans constituted 20% of the portfolio at the end of the quarter. We don't expect the company to incrementally grow the LAP book faster than the rest of the portfolio as the share of LAP has already reached the limit of 20% set by management.
- Annualized repayment rate of 20.9% in 1QFY17 improved from the prior quarter high of 24%, yet it remains elevated. Competition is heating up and the company is losing some business to competition as some proportion of repayments are balance transfer cases.

Asset quality remain stable

- Asset quality remained stable YoY with GNPLs at 2.22% (v/s 2.22% in 1QFY16). Note that Q2 & Q4 GNPA are generally lower than Q1 & Q4 GNPA for Repco.
- Provisioning for NPA during the quarter was INR170m v/s INR102m in 1QFY16, resulting in a 340bp YoY increase in PCR to 45.8%.

NIMs stable YoY at 4.3%; Opex down sharply

- Despite the increasing competition in the housing finance segment, Repco managed to maintain margins and spreads at 4.3% and 2.9%, due to the increasing share of loans to the self-employed segment. As a result, NII grew in line with loan growth at 27%
- Operating expenses declined 3.5% YoY, with an equivalent decline in both, employee expenses and other operating expenses. As a result, C/I ratio declined ~500bp YoY to 16.2%. Management expects C/I ratio to remain at these levels going forward. There is one tranche of payments remaining under the ESOP scheme.
- Share of bank borrowings continued to decline and stood at 63.2% v/s 72.4% sequentially. While, Repco had stopped borrowing from NHB due to technical reasons earlier, it restarted using NHB lines during the quarter. Share of NHB refinancing stood at 20%.
- Capital adequacy ratio stood at 20.1%, with all of the capital being Tier I capital.

Valuation and view

- REPCO has established a strong presence in southern states and is steadily expanding to other geographies. Over the last decade, the company has built a scalable business model with a well-balanced portfolio.
- Strong loan growth momentum, stable margins and contained cost ratios would be strong drivers of core earnings for RHF in the medium term. Moreover presence in the under-served markets, pricing power on the asset side, recent rating upgrade which would lead to lower cost of fund, stringent cost control as well as credit appraisal processes and expanding reach will ensure earnings growth in near to medium term; we expect a healthy 30% loan growth for the next three years.
- In our view, Repco will continue to trade at premium multiples led by its niche business model, inherently high profitability with the ability to improve return ratios, high capitalization, consistent execution, and minimal asset quality overhang—given a secured loan book. Ongoing downward trend in interest rates could also prove to be a trigger for profitability. Repco is currently trading at 4.6/3.8x FY17/18E BV. Maintain **Buy** with a TP INR966 (4.5x FY18 BV).

Conference Call Takeaways

Growth Outlook

- Continues to maintain 20-25% loan book growth over the medium term
- Maintain spreads largely at 2.8-3.2% band
- C/I Ratio likely to remain at current levels. No mention of new ESOP policy

Loan book growth

- Primary reason for flat sanction and disbursement growth was due to election in key state of TN (constitute ~65% of the loan book on incremental basis). Due to elections, people deferred their decision to buy homes and thus sanctions and disbursements were low. The company said that the next three quarters will make up for the low disbursements.
- **Loan book mix:** Non-salaried now constitute nearly 60% of the book; the company would like to maintain these levels. Further, share of LAP at 20% would be maintained.

- **Growth areas:** Growth is primarily driven by South and West India for the company. Not much growth is coming from East, as company does not have large presence. 2/3rd of the growth is still coming from TN.
- Home loan avg at INR1.3m and median at INR0.8m

Pradhan Mantri Aawas Yojana

- Gol scheme for people in EWS (annual income <INR0.3m) and LIG (annual income <INR0.6m) for home measuring <30sqm in urban areas and <50sqm in rural areas. Gol would provide upfront subsidy on INR0.6m, which is adjusted against the loan outstanding and thus reduces the loan outstanding. Repco continues to charge its prescribed interest rate to the borrower.
- Repco has disbursed 300 cases during the quarter. Avg tkt size is at about INR1m.

Interest rates

- Have reduced interest rates for the salaried segment (loans now start at 9.6%). This was done largely because the growth in salaried segment is lower than that in non-salaried and Repco wants to maintain the share of salaried and non-salaried at 40:60 split.
- Interest rate of non-salaried HL is at 50-100 bps higher.
- Avg yields in HL is at 11.7% and LAP at 15.7%
- Incremental yields: LAP- 15%; HL-11-11.25%; non-salaried HL-11.12%
- No significant rate reduction apart in the salaried segment. Jun-15: 11.75%; Jun-16: 11.45%; Origination yields are even lower.

Leverage

- Would lever upto 9x and CAR would have to come to 13-14% before looking for another capital raise.

Customer profile/Acquisition

- In self-employed segment, relatively more proportion of lending is done to traders, which results in volatile asset quality. 20% of non-salaried borrowers are professionals (CA, Doctors etc)
- Nearly 45% of houses financed are self-construction, 5% are plot purchases and 30% are apartment or flat purchase.
- 30% of the borrowers do not have CIBIL scores. And nearly 60-65% of incremental borrowers are new to Repco.
- Origination mix: Branch – 40-50% (walkins and referrals) Loan mela – 50-60%, DSAs -2% (only in MH and Guj). Largely similar breakup across all states.
- Repco is in talks with developers to become preferred financiers for home buyers. However, no commissions are paid out to developers.
- Customers have option to lower interest rate by paying one-time charge. i.e. largely trying to bargain else they go in for balance transfer. Not seen as widespread behavior as yet.

Asset quality/Credit underwriting

- For evaluating self-employed borrowers; the branch employees prepare BS and income statements for the borrowers to assess their income levels and repayment capacity. They do not rely on BS and IS provided by the borrowers.

- IIR at 50% on the book LTV is at 62%. On origination LTV max for salaried-85%; and LTV for non-salaried-75%; for LAP max LTV is 60% of the agreement value
- Would maintain PCR of 70% by FY17

Competition

- Company agreed to increasing competition especially in the salaried segment. As banks are increasingly taking over loans (balance transfer) from HFCs

Branch Expansion:

- Slowed down branch addition as able to achieve same growth with lower branches and company decision to milk existing branches more before opening new branches.
- A branch serves an area of 25-30km radius. Beyond that, depending on the demand, satellite center (one man office) is setup. . In case the business increases to INR8-10cr, then satellite office is converted into branch.

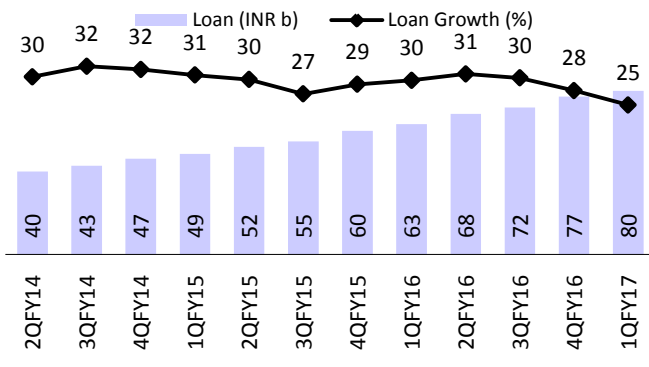
Exhibit 2: Quarterly Snapshot

	FY15				FY16				FY17	Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	QoQ	YoY
Profit and Loss (INR m)											
Net Interest Income	530	593	588	662	664	740	781	852	840	-1	26
Operating Expenses	113	128	142	165	154	175	160	153	149	-3	-4
Employee	68	77	85	105	101	116	102	88	98	11	-3
Others	45	51	57	60	53	59	59	65	51	-22	-4
Operating Profits	473	510	495	582	576	644	683	790	771	-2	34
Provisions	98	17	26	62	113	47	92	140	179	28	59
PBT	375	493	469	520	463	597	591	650	592	-9	28
Taxes	127	171	161	172	161	207	205	228	196	-14	22
PAT	248	327	307	348	302	391	386	422	395	-6	31
Asset Quality											
GNPA	1,218	864	1,095	791	1,406	1,236	1,639	1,009	1,770	75	26
NNPA	783	418	638	301	818	624	973	369	971	163	19
Gross NPAs (%)	2.5	1.7	2.0	1.3	2.2	1.8	2.3	1.3	2.2		
Net NPAs (%)	1.6	0.8	1.2	0.5	1.3	0.9	1.4	0.5	1.2		
PCR (Calculated, %)	35.7	51.6	41.7	62.0	41.8	49.5	40.6	63.4	45.1		
Ratios (%)											
Cost to Income	19.2	20.1	22.3	22.1	21.1	21.4	19.0	18.0	16.2		
Provision to operating profit	20.7	3.3	5.3	10.7	19.6	7.3	13.5	17.7	23.3		
Tax Rate	33.8	34.7	34.4	33.1	34.7	34.6	34.7	35.0	33.2		
Total CAR	23.5	21.9	21.5	20.3	20.0	NA	NA	0.0	20.1		
RoA - calculated	2.6	2.5	2.4	2.3	2.3	2.2	NA	2.2	2.2		
RoE - calculated	16.5	16.3	16.2	16.1	16.4	16.1	NA	18.7	18.7		
Margins Reported (%)											
Yield on earning assets	12.6	13.0	12.7	12.7	12.5	12.6	12.5	12.5	12.2		
Cost of Funds	9.8	10.0	9.9	9.6	9.7	9.6	9.4	9.2	9.3		
Spreads	2.8	3.1	2.8	3.1	2.8	3.1	3.1	3.2	2.9		
NIMs	4.4	4.7	4.4	4.6	4.3	4.5	4.5	4.6	4.3		
Business Details (INR b)											
Loans											
Individual Home Loans	40	42	44	49	51	55		62	64		
Loans against Property	9	10	11	12	12	13		15	16		
Total Loans	49	52	55	60	63	68		77	80		
AUM Mix (%)											
Individual Home Loans	81	81	81	81	81	81		80	80		
Loans against Property	19	20	19	19	19	19		20	20		
Total Borrowing Mix (%)											
Banks	63.9	68.9	71.8	67.6	68.2	68.1		72.4	63.2		
NHB	26.2	22.1	19.7	21.4	19.1	16.6		13.9	20.0		
Repco Bank	9.9	9.0	8.5	7.9	9.0	8.5		7.6	7.2		
NCD/CPs	0.0	0.0	0.0	3.1	3.7	6.8		6.1	9.6		

Source: Company, MOSL

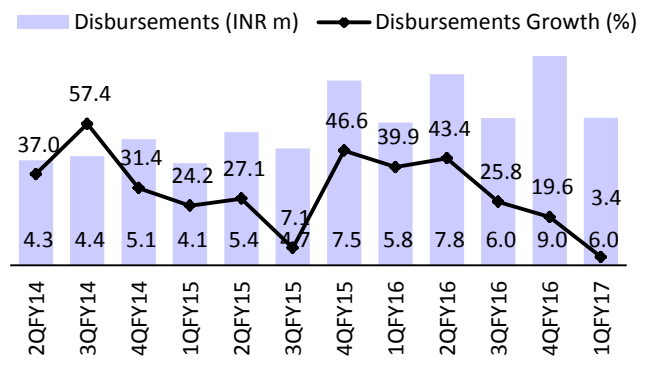
Story in charts

Exhibit 3: Loan growth continues to remain healthy



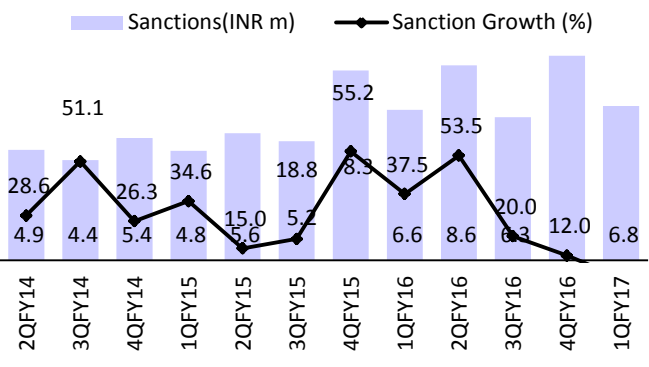
Source: Company, MOSL

Exhibit 4: Disbursements grew a sluggish 3.4% YoY



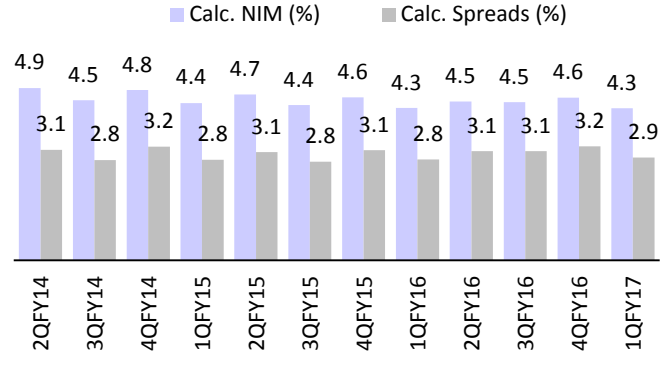
Source: Company, MOSL

Exhibit 5: Sanctions grew 3% YoY



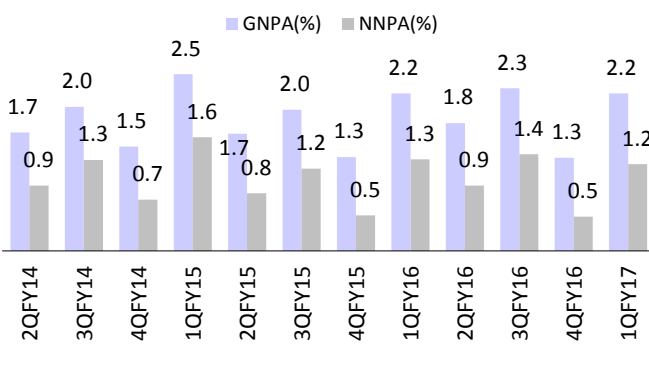
Source: Company, MOSL

Exhibit 6: Calc. NIM/Spreads remain healthy at +4.3%/2.9%



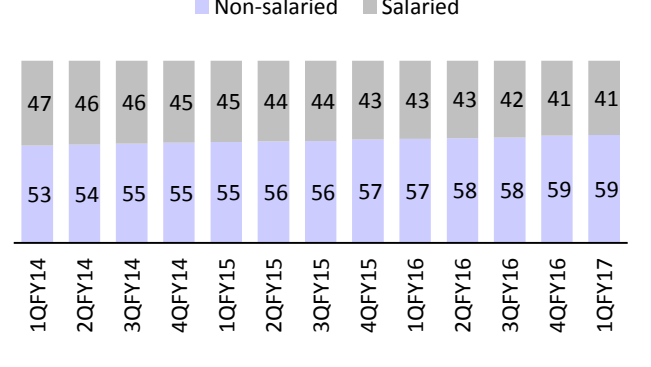
Source: Company, MOSL

Exhibit 7: Asset quality remained stable (%)



Source: Company, MOSL

Exhibit 8: Loans to non-salaried continues to increase



Source: Company, MOSL

Financials: Valuation metrics

	Rating	CMP (INR)	Mcap (USDb)	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)	
				FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18
ICICIBC*	Buy	245	21.6	17.2	19.9	10.5	7.9	144	158	1.19	1.00	1.13	1.17	10.6	11.3
HDFCB	Buy	1,247	47.8	58.4	70.2	21.3	17.8	332	386	3.75	3.23	1.90	1.89	18.9	19.6
AXSB	Buy	572	20.7	31.8	37.4	18.0	15.3	243	274	2.35	2.09	1.32	1.31	13.8	14.4
KMB*	Buy	765	21.3	26.8	34.0	28.6	22.5	207	240	3.69	3.19	1.61	1.82	14.2	15.4
YES	Buy	1,259	8.0	78.8	99.2	16.0	12.7	390	469	3.23	2.68	1.80	1.84	22.0	23.1
IIB	Buy	1,184	10.7	50.5	63.8	23.4	18.6	334	389	3.54	3.04	1.92	1.96	16.2	17.6
IDFC Bk	Buy	52	2.7	3.3	4.0	16.0	13.0	43	46	1.23	1.14	1.19	1.08	7.9	9.1
FB	Buy	64	1.7	3.9	4.7	16.3	13.7	50	54	1.28	1.19	0.67	0.67	8.0	9.0
DCBB	Buy	113	0.5	7.4	8.6	15.4	13.2	69	78	1.64	1.46	0.98	0.93	11.3	11.7
JKBK	Neutral	73	0.5	17.6	21.2	4.2	3.5	146	162	0.50	0.45	0.99	1.05	12.7	13.7
SIB	Buy	22	0.4	3.1	3.7	7.1	5.9	30	33	0.73	0.67	0.61	0.64	10.7	11.7
Private Aggregate			135.8			19.9	16.7			2.64	2.35				
SBIN (cons)*	Buy	235	27.6	19.3	24.3	12.1	9.6	240	259	1.04	0.95	0.49	0.54	8.3	9.7
PNB	Neutral	124	3.7	10.8	12.8	11.5	9.7	193	204	0.64	0.61	0.31	0.34	5.7	6.5
BOI	Neutral	110	1.4	9.3	23.5	11.9	4.7	337	356	0.33	0.31	0.12	0.27	2.8	6.8
BOB	Buy	158	5.5	14.7	18.7	10.8	8.5	159	173	1.00	0.91	0.48	0.54	9.6	11.2
CBK	Neutral	261	2.1	25.4	34.8	10.3	7.5	497	524	0.53	0.50	0.24	0.30	5.2	6.8
UNBK	Buy	130	1.3	22.4	39.1	5.8	3.3	314	348	0.41	0.37	0.37	0.58	7.4	11.8
OBC	Neutral	119	0.6	22.1	27.9	5.4	4.3	473	494	0.25	0.24	0.28	0.32	4.8	5.8
INBK	Buy	203	1.5	24.8	31.4	8.2	6.5	300	324	0.68	0.63	0.56	0.64	8.5	10.1
ANDB	Buy	58	1.8	2.9	8.2	19.8	7.1	129	136	0.45	0.43	0.15	0.39	2.3	6.2
Public Aggregate			45.6			12.8	9.3			0.78	0.73				
Banks Aggregate			181.4			17.5	13.9			1.65	1.51				
HDFC*	Buy	1,343	32.1	34.6	37.9	26.7	22.5	194	217	4.40	3.58	1.85	1.83	19.5	19.0
LICHF	Buy	521	4.0	39.5	47.3	13.2	11.0	213	251	2.45	2.08	1.49	1.51	20.1	20.9
IHFL	Buy	806	5.1	68.2	84.0	11.8	9.6	280	315	2.88	2.56	3.74	3.78	25.6	28.2
GRHF	Buy	304	1.7	8.3	10.7	36.6	28.6	28	35	10.72	8.62	2.33	2.34	32.4	33.5
REPCO	Buy	829	0.8	30.3	39.0	27.4	21.3	179	214	4.62	3.87	2.14	2.17	18.2	19.8
DEWH	Buy	251	1.1	29.7	36.4	8.5	6.9	194	221	1.29	1.14	1.19	1.21	16.2	17.5
Housing Finance			44.8			21.3	18.1			4.28	3.78				
RECL	Neutral	228	3.4	59.2	68.6	3.9	3.3	336	389	0.68	0.59	2.63	2.55	18.9	18.9
POWF	Neutral	224	4.5	46.8	49.1	4.8	4.6	72	107	3.12	2.10	2.69	2.35	85.1	55.0
Infra Finance			7.9			4.3	3.9			1.23	1.00				
SHTF	Buy	1,289	4.4	68.4	84.6	18.8	15.2	503	570	2.56	2.26	1.96	2.01	14.4	15.6
MMFS	Buy	335	2.9	13.9	18.1	24.1	18.5	118	131	2.84	2.56	1.92	2.19	12.3	14.5
BAF	Buy	10,171	8.3	345.9	442.0	29.4	23.0	1,663	2,040	6.12	4.98	3.48	3.38	22.8	23.9
MUTH	Buy	379	2.3	28.0	33.6	13.5	11.3	159	180	2.39	2.10	3.66	3.57	18.7	19.9
SKSM	Buy	832	1.6	48.8	52.5	17.1	15.9	157	210	5.29	3.96	6.30	4.48	36.7	28.6
Asset Finance			19.4			21.7	17.6			3.50	3.18				
NBFC Aggregate			72.2			15.0	12.9			3.21	2.79				
Financials			253.6			16.7	13.6			1.92	1.74				

*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

Financials and Valuations

Income statement							(INR Million)	
Y/E March	2012	2013	2014	2015	2016	2017E	2018E	
Interest Income	3,055	3,912	5,156	6,695	8,521	10,923	14,022	
Interest Expended	2,023	2,656	3,247	4,317	5,483	6,992	8,951	
Net Interest Income	1,032	1,255	1,908	2,378	3,039	3,931	5,071	
Change (%)	20.1	21.6	52.0	24.6	27.8	29.4	29.0	
Other Operating Income	134	148	194	235	297	335	378	
Net Income	1,166	1,403	2,102	2,613	3,336	4,266	5,449	
Change (%)	18.9	20.4	49.8	24.3	27.7	27.9	27.7	
Operating Expenses	194	243	388	547	643	791	974	
Operating Income	972	1,160	1,714	2,065	2,693	3,475	4,475	
Change (%)	16.9	19.4	47.7	20.5	30.4	29.1	28.8	
Provisions/write offs	155	92	226	203	392	575	687	
PBT	816	1,068	1,488	1,862	2,301	2,900	3,788	
Tax	202	268	390	631	800	1,001	1,307	
Tax Rate (%)	25	25	26	34	35	35	35	
Reported PAT	615	800	1,098	1,231	1,501	1,900	2,481	
Change (%)	5.7	30.2	37.2	12.1	21.9	26.6	30.6	

Balance sheet							(INR Million)	
Y/E March	2012	2013	2014	2015	2016	2017E	2018E	
Capital	464	622	622	624	625	625	625	
Reserves & Surplus	2,568	5,724	6,760	7,497	8,923	10,602	12,795	
Net Worth	3,033	6,345	7,381	8,121	9,548	11,228	13,421	
Borrowings	2,486	3,678	3,982	5,614	65,379	84,980	109,617	
Borrowings	24,860	30,647	39,020	51,044	65,379	84,980	109,617	
Change (%)	37.4	23.3	27.3	30.8	28.1	30.0	29.0	
Other liabilities	634	932	959	1,592	2,705	2,840	2,982	
Total Liabilities	28,527	37,924	47,361	60,757	77,632	99,047	126,020	
Loans	28,090	35,500	45,961	60,129	76,912	99,976	128,961	
Change (%)	35.3	26.4	29.5	30.8	27.9	30.0	29.0	
Investments	81	81	124	124	124	136	150	
Change (%)	292.7	0.0	54.0	0.0	0.0	10.0	10.0	
Net Fixed Assets	33	45	50	89	93	98	103	
Total Assets	28,527	37,924	47,361	60,757	77,632	99,047	126,020	

E: MOSL Estimates

Financials and Valuations

Ratios							
Y/E March	2012	2013	2014	2015	2016	2017E	2018E
Spreads Analysis (%)							
Avg Yield on Housing Loans	12.4	12.2	12.5	12.5	12.4	12.4	12.3
Avg. Yield on Earning Assets	12.5	12.3	12.6	12.6	12.4	12.3	12.2
Avg. Cost-Int. Bear. Liab.	9.4	9.6	9.3	9.6	9.4	9.3	9.2
Interest Spread	3.1	2.7	3.3	3.0	3.0	3.0	3.0
Net Interest Margin	4.2	3.9	4.7	4.5	4.4	4.4	4.4
Profitability Ratios (%)							
RoE	22.3	17.1	16.0	15.9	17.0	18.3	20.1
RoA	2.48	2.41	2.57	2.28	2.17	2.15	2.20
Int. Expended/Int.Earned	66.2	67.9	63.0	64.5	64.3	64.0	63.8
Other Inc./Net Income	11.5	10.5	9.2	9.0	8.9	7.9	6.9
Efficiency Ratios (%)							
Op. Exps./Net Income	16.7	17.3	18.5	21.0	19.3	18.5	17.9
Empl. Cost/Op. Exps.	54.1	58.0	54.3	61.2	63.7	63.1	64.1
Asset Quality (%)							
Gross NPAs	382	525	686	791	1,032	1,339	1,739
Gross NPAs to Adv.	1.4	1.5	1.5	1.3	1.2	1.1	1.0
Net NPAs	265	348	333	298	671	871	1,131
Net NPAs to Adv.	0.9	1.0	0.7	0.5	0.4	0.2	0.0
VALUATION							
Book Value (INR)	65.3	102.1	118.7	130.2	152.7	179.5	214.6
Price-BV (x)	12.7	8.1	7.0	6.4	5.4	4.6	3.9
EPS (INR)	13.2	12.9	17.7	19.7	24.0	30.4	39.7
EPS Growth YoY	5.7	-2.7	37.2	11.8	21.6	26.6	30.6
Price-Earnings (x)	62.6	64.4	46.9	42.0	34.5	27.3	20.9
Dividend per share (INR)	1.0	1.3	1.2	1.5	2.4	3.0	4.0
Dividend yield (%)	0.1	0.2	0.1	0.2	0.3	0.4	0.5

E: MOSL Estimates

Corporate profile

Company description

Repco Home Finance Ltd (REPCO) is a Chennai-based housing finance company with an AUM of INR60b. It was established in 2000 as a wholly owned subsidiary of Repatriates Co-operative Finance and Development Bank (Repco Bank). The Government of India owns 76.83% in Repco Bank. REPCO primarily finances the construction and/or purchase of residential and commercial properties (individual home loans and loans against property). It has a network of 108 branches and 38 satellite centers.

Exhibit 10: Sensex rebased

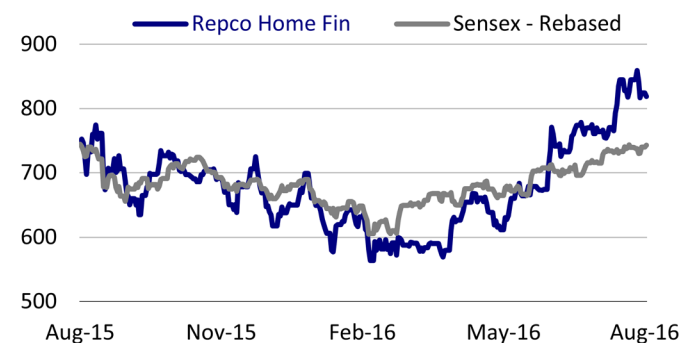


Exhibit 11: Shareholding pattern (%)

	Jun-16	Mar-16	Jun-15
Promoter	37.1	37.1	37.3
DII	22.5	19.2	16.4
FII	26.5	28.4	28.7
Others	13.8	15.2	17.7

Note: FII Includes depository receipts

Exhibit 12: Top holders

Holder Name	% Holding
Franklin Templeton Mutual Fund A/C Franklin	4.8
Birla Sun Life Trustee Company Private Limited Acbirla	4.6
Sbi Magnum Multiplier Fund	4.5
Parvest Equity India	3.8
Dsp Blackrock Micro Cap Fund	3.2

Exhibit 13: Top management

Name	Designation
T S Krishna Murty	Chairman
R Varadarajan	Managing Director
K Prabhu	Company secretary

Exhibit 14: Directors

Name	Name
T S Krishna Murty*	Thomas Paul Diamond*
R Varadarajan	Dilip Kumar
B Anand	Sanjeevane Kuty
V Nadasabapathy*	L Munishwar Ganesan
G R Sundaravadivel*	

*Independent

Exhibit 15: Auditors

Name	Type
R Subramanian & Co	Statutory
G Ramachandran & Associates	Secretarial Audit

Exhibit 16: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY17	30.4	-	-
FY18	39.7	-	-

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