



“Repco Home Finance Limited Q2 FY-  
16 Results Conference Call”

**November 9, 2015**



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**MODERATOR:** **MR. PIRAN ENGINEER – INDIA INFOLINE LIMITED**



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**Moderator:** Good day ladies and gentlemen and welcome to Repco Home Finance Limited Q2 FY16 Results Conference Call hosted by India Infoline Limited. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Piran Engineer from India Infoline. Thank you and over to you sir.

**Piran Engineer:** Thanks for joining us on the Conference Call to discuss the results of Repco Home Finance. On the call we have with us Mr. R. Varadarajan – Managing Director, Mr. Raghu – Executive Director, Mr. Ashok – Chief General Manager and Mr. Karunakaran – Chief Financial Officer. We shall start with the management commentary followed by the Q&A session. So without further ado over to you Sir.

**Management:** Good afternoon everyone, a very warm welcome to Repco Home Finance Ltd Earnings Conference Call for quarter ended September 30, 2015. The reporting period has just ended a very satisfying one. The loan book grew at a healthy rate, rates on margins remained stable, we carried out further diversification in sourcing of funds, slippages increased slightly but we are in check. The loan book of the company grew by 31% year-on-year driven by strong growth in sanctions and disbursements of 53% and 43% respectively during the quarter. The balance between our exposure to self-employed segment and the salaried class was maintained at 57.5% and 42.5% respectively. Similarly the share of housing loan in the loan book was 81% on housing loans accounted for the remaining 19% will continue to hover around at this level.

Net profit was up by 19% during the quarter driven by net interest income growth of 25%. GNPA stood at 1.80% in sync with seasonal trends, we have been observing over the years. Provision coverage ratio stood at 49.5%. During the half year we earned a spread of 2.95% and a NIM of 4.4%. Reduction in base rate by banks our successful efforts to diversify the liability side by tapping into low-cost alternatives in NCDs and intra-quarter CPs have resulted in a reduction in overall borrowing cost which stood at 9.55% for this half year 1 FY15. Low interest rates, positive credit environment, and accommodative stance by the RBI will likely to enable the company to continue to maintain a spread of around 3% and a NIM of over 4% going forward. Trailing 12 month ROA stood at 2.2% and ROE at 16.1%. ROA & ROE for the quarter ended September 30, 2015 stood at 2.4% and 18% respectively. Cost to income stood at 21.3% excluding ESOP charges the same was at 18.5%. Capital adequacy ratio, CAR continues to be comfortable at around 19.4% it may be noted that the benefits of low risk weights will only be seen in the next quarter as NHB notification came only in October. Our retail network as on 30 September 2015 comprise of 108 branches and 38 satellite centers spread across 11 states and the union Territory of Puducherry.

The Financial Highlights of the Quarter are as follows:



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Income from operations during the year stood at Rs.216.4 crores up 27% from last year. Net interest income was Rs. 73.9 crores up 25%. PAT was Rs. 39 crores up 19% on the previous year. Cost to income ratio stood at 21.3%. Sanctions grew 53% to Rs. 857.9 crores. The disbursements grew by 43% to Rs. 776.3 crores. Loan book increased to Rs. 6848.8 crores registering a growth of 31% YOY. GNPA stood at 1.8% and NNPA at 0.9%, resulting in PCR of 49.5%. Housing finance being one of the very few sectors that has grown consistently over the past few years has attracted a lot of attention of **(Inaudible-5:17)**. The number of new institutions centering the industry with NHB awarding quite a few licenses in the recent past, however, it is our niche focus strong capital position and efficient and scalable operating model we believe that we can continue to compete effectively in expanding the REPCO brand. We tried to sustain our loan book growth and profitability with deeper penetration in the existing market and wider geographical expansion into new markets.

At this point I would like to thank all of you for joining the call, we will now take your questions, I also take this opportunity to wish every one of you a very-very Happy Festive Season.

**Moderator:** Thank you very much sir. Ladies and gentleman, we will now begin the question and answer session. We have the first question from the line of isHardikDoshi from First Voyager.Please go ahead.

**Hardik Doshi:** For two quarters we have seen that the disbursement growth has been over 40% and so in this environment we are seeing a lot of real estate transactions slow down have been growing quite rapidly can you talk about, have we made any changes in our credit approval processes may be increase our LTV or changed documents are required that is the first question, the second question related to that is how are we ensuring that we are getting the right people we are growing our branches and expanding new areas how you're ensuring that the culture and the employee profile is not affected?

**Management:** As far as your first question I have not made any changes in any of the policies or LTV we have not diluted any credit appraisal standards. It is business as usual what we have been doing over the last 8-9 quarters it is the same policy that is continuing we have not even changed our interest rate as of now since we had experienced this growth in the business the last quarter. As far as the second question is concerned are we getting the right people, yes it is a challenge when you open at a newer territory we do select pull from different areas and put them through a training both in the corporate office to train them on the corporate culture of the company and also to explain them the philosophies and they have also put in a training in an established branch for about a week before they are sent to the respective regions for starting the business.

**Hardik Doshi:** What would you explain very strong growth, this growth is stronger than what we have seen in the past and in an environment where most people are talking about slowdown what can be the reason for this?



- Management:** Basically this growth has been seen from all the regions where we are operating, this is not one particular region where we can pinpoint why the growth has come. The growth has been across various states where we are present in. About 50% of our product we have self-constructed houses as people do their own construction, the demand has been from that sector and it is going in Tier 2 – Tier 3 areas people do their own construction.
- Hardik Doshi:** What is the average ticket size of incremental disbursement that we have been doing now and what was it in the in the same quarter last year?
- Management:** The disbursement during the current quarter as QOQ change is 34% increase with the disbursement, half-year basis the increase has been 42% in disbursement.
- Hardik Doshi:** Average ticket size?
- Management:** Average ticket size is around 12.8 lakhs.
- Hardik Doshi:** What was that in the same quarter last year?
- Management:** Same quarter last year average ticket size was 11.6 lakhs.
- Hardik Doshi:** So we have increased about 10% and the rest of it is volume driven growth.
- Management:** Yes.
- Hardik Doshi:** In terms of expansion, how many branches are we looking to add over the next 2-3 years and what would be the areas where you look to add this?
- Management:** We will be adding about 15 branches in a year like we have been maintaining since last one or two years will be doing the same amount in the coming period also and whatever we have been doing in the past we will be continuing with the same policy of continuous developed expansion.
- Moderator:** Thank you. Next question is from the line of Kunal Shah from Edelweiss Securities. Please go ahead.
- Kunal Shah:** On the cost side we had seen the benefit on the funding cost and this quarter we have seen money being raised even from the debt market which is helping, so what could be your view on the lending rate, are we planning to cut the lending rates or we have already passed on some benefit to the customers?
- Management:** Well I think the new customers yes we have given some new rates but generally we have not reduced our interest rates as of now, will do at the appropriate time.



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- Kunal Shah:** Overall in terms of margins we are pretty much comfortable of sustaining it around 4.5% level, what would be the stance?
- Management:** NIM has been at 4.4% at the end of September.
- Kunal Shah:** So that is sustainable, we may not see any major pressure in terms of the lending yields.
- Management:** I think we will take a call as we go. We have been very consistent you would like to have a NIM of 4+, I think we will be able to maintain in future also.
- Kunal Shah:** In terms of asset quality things at the ground level may not be that great and our growth has been relatively higher over the last few quarters, any stress on asset quality we are seeing at this point of time or we are comfortable of having a lower asset quality even by the end of this fiscal as compared to that of FY15?
- Management:** Asset quality has been keeping with the seasonal trend, we have not seen any additional pressure on any of the asset quality as of now. We are comfortable with this level of asset quality keeping with our company seasonal trends which we have been experiencing.
- Kunal Shah:** So there also no major worries as of now.
- Management:** As of now no.
- Moderator:** Thank you. Next question is from the line of Digant Hariya from Antique Stock. Please go ahead.
- Digant Hariya:** If you can talk a bit on the trends that you're seeing in the LAP side because that is where a lot of players are aggressive and that is also the area where the asset quality stress is increasing for some of the other players, if you can elaborate how are we seeing our LAP portfolio in terms of growth and asset quality both?
- Management:** The growth in the LAP full year is concerned we have been very clear that we will not like to go beyond the 20% level of the outstanding loan book at any point of time. We have been maintaining that around 19% in the outstanding loan book and as far as the ticket size is concerned there has been very consistent growth in the LAP side also, it is not a significant level of the loans ticket LAP. As far as the quality of the assets in the LAP portion is concerned we have been able to maintain that or contain that NPA level with the target which we have been working at.
- Digant Hariya:** So you're not seeing any unreasonable stress, so whatever stress we are seeing is this part of the routine business is that what you're hinting at?
- Management:** Yes you're right.



- Digant Hariya:** If you can give us state-wise breakup of NPAs?
- Management:** Andhra Pradesh 2.1%, Telangana 3.9%, Gujarat 1.5%, Karnataka 1.9%, Kerala 4.1%, Maharashtra less than 1%, Tamil Nadu 1.5%.
- Moderator:** Thank you. Next question is from the line of Manish Jain from Sage One Investments. Please go ahead.
- Manish Jain:** The plan to take provision coverage ratio to 100% when are you targeting to do that?
- Management:** In 2-3 years. Actually our target is to reach at the earliest but I think at the present trend we will be able to reach that level in 2 to 3 years.
- Manish Jain:** Longer term, this is not a short-term question, longer term what are the kind of threats do you envision from technology led small payment banks or any other, do you see a threat to your business?
- Management:** We do not see any threat, because even in the past we have seen that lot of new institutions were coming on even some of the banks are very aggressive in lending for housing but still we see the penetration level when it is awfully low at the level of around 10% or below penetration level in tier 2 and tier 3 cities. We believe enough market will be available for all even for the new players.
- Moderator:** Thank you. Next question is from the line of Bobby Jayaraman from Frunze Investments. Please go ahead.
- Bobby Jayaraman:** I have a question on asset quality, could you tell us what point do loan started becoming delinquent the reason although your NPA increase has been climbed from 1.7% to 1.8% that is partly explain also because of the very fast growth in loan, you're growing loan is 30% so the actual number of NPA is still going quite fast how do you explain that?
- Management:** Can you come back again, your voice was not very clear.
- Bobby Jayaraman:** I will put it very simply your NPA percentage of 1.8% is on a much higher loan base, it has been growing at 30%, so your absolute NPA levels are getting higher?
- Management:** Yes I think the growth in the loan book is absolute the NPA figures have gone up and the NPA recognition is 90 days.
- Bobby Jayaraman:** When you make new loans typically is there a point at which some of the loans start showing stress like after three years, five years is it something or is the bad ones immediately start immediately start showing stress?



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- Management:** You do point out the early mortality you're asking questions on the early mortality?
- Bobby Jayaraman:** What I am really getting at is when you're growing your loan book at a very fast pace the percentage growth NPAs will always look low?
- Management:** If you're able to contain NPA level and I agree with you that as the loan book grows the GNPA figure should come down but you are dealing with large number of self-employed segments like 57.5% may not be holding good this particular case is what you're talking about. When the loan book grows up there are NPAs going up but at the same time we are confident of recovering this money, 90 days recognition norms where they declare them as the NPAs but on housing loan on the salary segment my NPA level is about 1%. They are not resulting in credit losses they are just NPAs where we are confident of recovering the money.
- Moderator:** Thank you. Next question is from the line of Sanket Chedha from SBICAP Securities. Please go ahead.
- Sanket Chedha:** My question was pertaining to possible competition from banks like recently there has been announcement of calculating base rate on marginal costing, even if it is not implemented as it is right now maybe it'll be implemented with some modifications but that will marginally bring down the base rate for banks and if you see for this quarter I have seen many of the public sector banks are also going quite aggressive on housing basically in retail they are growing much faster and out of retail also housing was much faster like PNB grew 27-28% and all are growing above mid tens. So what kind of threat you see if that gets implemented something similar to the marginal cost of funding in case of banks would it impact your margin going forward to be in the same line?
- Management:** I think we feel that it may not have any impact on our margin because there is clear market segmentation the clientele group to which commercial banks are lending and to whom we are lending.
- Sanket Chedha:** There would be some overlap.
- Management:** There could be some overlap but it is not going to result in pressure on our margin or something like that. Again the ticket size are also different for the banks, banks are normally lending to the salaried segment where our target was towards self-employed segment.
- Sanket Chedha:** They are also doing quite bit of LAP, self-employed segment as you saying, it is not like only restricted to housing of salaried segment.
- Management:** That is why I'm saying even the LAP the average ticket size to which they lend, the customer segments to which they lend is different from the customer segment to which we lend. Our average ticket size on the LAP also is not beyond, about 20 lakhs.



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- Sanket Chedha:** My question was in general for NBFC, I understand your ticket size is very low but I was just wanting to get a sense like if at all it can impact NBFCs those who with the larger ticket size.
- Management:** I think the amount of funds that is required for housing has nobody has any proper estimate as of now I think the market size is so huge I think everybody will have a share as my MD said a couple of questions back that is what he told. As far as the LAP is concerned I think probably the NBFCs have to take a call vis-a-vis with the commercial banks, I do not think we will be in a position to comment on what will happen to the NBFC LAP segment vis-a-vis the commercial banks.
- Moderator:** Thank you. Next question is from the line of Nishchint Chawathe from Kotak Securities. Please go ahead.
- Nishchint Chawathe:** If I heard that correctly you said that your GNPLs in home loan is close to 1%?
- Management:** Salary segment.
- Nishchint Chawathe:** And overall if I try to look at salaried plus non-salaried just you leave home loans part?
- Management:** 1.1%.
- Nishchint Chawathe:** If my math is right what effectively it means is that your GNPL in the LAP segment is around 4.5%?
- Management:** No 2.45%. It is only 81:19 you calculate the math on that ratio not equal. 81% is the home loan and only 19% is the LAP.
- Nishchint Chawathe:** That effectively means that you have around you have lap around 1300 crores.
- Management:** Yes.
- Nishchint Chawathe:** And you will have NPA of around 60 crores.
- Management:** The outstanding LAP is around 1315 crores NPAs is 32.1 crores in the LAP.
- Nishchint Chawathe:** Just rechecking your average ticket size you said around is 2 million and yield on loans on LAP sometime back you had mentioned was close to 15%, so is it remaining broadly at the same levels?
- Management:** Yes.
- Moderator:** Thank you. Next question is from the line of Sneha Ganatra from Subhkam Ventures. Please go ahead.





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- Sneha Ganatra:** What is the target for the cost to income ratio and what level you are comfortable currently?
- Management:** Cost to income will be around 21-21.5% including that ESOP provision. That will remain at the current level for the remaining for the year also.
- Sneha Ganatra:** What about the levels with which you be comfortable?
- Management:** Even at this level we are comfortable. Minus slab it is only around 18%. It is comfortable level.
- Sneha Ganatra:** Still we can grow on that front considering whatever capital adequacy ratio is there? At what leverage can we can go up to?
- Management:** Leverage you can go up to about nine times.
- Sneha Ganatra:** But currently we are at 6 times.
- Management:** 6.5. As per the NHB regulation the leverage can go up to 16 times. We are restricting it to 9 times because of the rating agencies, they do not feel comfortable beyond the level of nine for a company like us. So we have restricted to 9 times otherwise I can go up to 16.
- Sneha Ganatra:** Borrowing or would continue in the same?
- Management:** We will take call as how the market is behaving depending on the interest rates in the market we may switch between the commercial bank and the NCD's.
- Sneha Ganatra:** What level of growth you're comfortable on the housing as well as LAP could do you guide than that?
- Management:** LAP we have been maintaining and continue to be around 20% of the loan book so that growth constrained by that level and we are comfortable with growth of 25+.
- Sneha Ganatra:** Any stress coming on the LAP front in the LAP book?
- Management:** There has been no additional stress on the LAP book I think what has been there as per the seasonal trends, the gross NPA level on the LAP book is concerned, there is no additional stress at all.
- Sneha Ganatra:** Could you guide us on the asset quality number you'd like to see for FY16 year and?
- Management:** I think we have been maintaining on progressive basis like to reduce the gross NPA level over a period of time to be in line with the industry levels we will strive towards that.



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- Moderator:** Thank you. Next question is from the line of Rahul Ranade from Goldman Sachs Asset Management. Please go ahead.
- Rahul Ranade:** I wanted to confirm the incremental ticket size that you mentioned, you mentioned that 12.8 lakhs for this quarter?
- Management:** That is average.
- Rahul Ranade:** What would be the incremental number for that?
- Management:** 16.8 was the incremental average ticket size for quarter.
- Rahul Ranade:** What could be the breakup between the home loan and the LAP?
- Management:** Home loan around 15.4, LAP around 23.
- Moderator:** Thank you. Next question is from the line of Manish Jain from Sage One Investments. Please go ahead.
- Manish Jain:** I missed the state wise gross NPAs which you gave, I missed Tamil Nadu what was the number?
- Management:** Tamil Nadu was 1.5%.
- Moderator:** Thank you. Next question is from the line of Jhanvi Goradia from Motilal Oswal. Please go ahead.
- Jhanvi Goradia:** My question is on early morning signal what are the parameters we track in order to get a better sense of stress that might be building up in the system?
- Management:** Basically we monitor all the new advance we give and see whether there are any slippages or overdue to demand. We look at those signals and try to see what changes have to be made in the collection process or in the appraisal process. It is basically with the overdue to demand figure.
- Moderator:** Thank you. Next question is from the line of Ankit Babel from Shubhkam Ventures. Please go ahead.
- Ankit Babel:** My question is the contribution from the self-employed has been increasing from 54-55-57% in the last couple of years, but at the same time your NIMs are coming down it was around 4.7% it has come down to 4.4%, I believe that you have a higher yield on the self-employed class what is the reason that your NIMs are under pressure in spite of the...?



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**Management:** The pressure on NIMs is due to increase in the leverage and secondly once the capital gets used, the NIMs are likely to go down and secondly I also tell you one thing we may increase our exposure to the self-employed segment but there's a limit upto which we can go on the interest rates. The pricing power also can go to a certain extent you cannot charge anything which you would like to keep margin at a higher level.

**Ankit Babel:** I agree that beyond a point you cannot increase but the mix is changing towards high yielding assets so your overall NIM should improve?

**Management:** I do not think as I told again with the capital is getting used and there is an increase on leverage it will go down.

**Ankit Babel:** That reason is acceptable but even your spreads are coming down from 3.2 to 3.38 used to be it is now 2.9 to 3%.

**Management:** I think we have been targeting a spread of around 3% so we are comfortable with that spread.

**Ankit Babel:** It means where I was coming in from was that since you're taking a higher risk because your NPAs are increasing but it is not translating into your higher NIMs or higher profitability?

**Management:** We have been following and have been maintaining the spread of around 50 bps between salaried and nonsalaried on the base rate level, we have not changed anything on our base rate as of now, the same interest rates are still continuing.

**Ankit Babel:** Then if you continue to focus on self-employed as you just mentioned going forward the contribution from self-employed will increase then what will lead to your gross NPAs coming down to 1% in next 2 to 3 years' time frame?

**Management:** I think we will be in a putting in place the measures to improve the collections from the self-employed segment and then try to remove those seasonal trends I think we should be in a position to control the gross NPA level.

**Ankit Babel:** But you have been doing since last 1.5 years so any impact of that?

**Management:** You have to change the entire mindset, the culture also has to get changed it takes time.

**Ankit Babel:** This ESOP expenditure, how long will it continue?

**Management:** It will probably continue till FY17.

**Ankit Babel:** FY17 full year?

**Management:** Yes.



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- Ankit Babel:** So you will continue to see 40-45% or 50% growth in your employee cost next year also?
- Management:** I do not think so not to that extent.
- Ankit Babel:** But it has been growing at that rate in the last one year and if you're saying that ESOP expenditure will continue.
- Management:** ESOP expenditure is around 49% you're right, that was YOY growth and now the number of employees are also expanding.
- Ankit Babel:** That is what I'm asking employee cost will continue to grow at this rate?
- Management:** Well I will not be in a position to tell you exactly that I think will work on this and get back to you.
- Ankit Babel:** But you said that the cost to income will continue at 21% for next year.
- Management:** 21-21.5%.
- Ankit Babel:** Next year also.
- Management:** That's what we feel.
- Moderator:** Thank you. Next question is from the line of Rajesh Kothari fom AlfAccurate Advisors. Please go ahead.
- Rajesh Kothari:** This entire growth coming from the new branches or it is coming from the existing places, if you can give incremental growth state wise like what is the new states are growing at what rate compared to your existing states?
- Management:** Mostly the existing branches have been contributing to the growth but some growth coming in from the new branches also. You asked me for new geographies where we have grown, for example Jharkhand has given me 100% growth because we just opened last year, Madhya Pradesh has given me a growth rate of 1342% because the base is very small, West Bengal also has seen a 100% growth, Maharashtra has seen 39% growth, Punjab has seen a 156% growth.
- Rajesh Kothari:** Basically if you identify the new States where probably you would have entered about 3-5 years back then these states are now contributing how much cushion to overall loan book?
- Management:** For example Maharashtra we opened around five years back, it accounts for 5.5% to the loan book. Gujarat accounts for about 2%. These are the two areas where we opened about 4-5 years back, others are all one year back old, 1-2 years old like Madhya Pradesh, West Bengal, Orissa.



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- Rajesh Kothari:** Maharashtra use it 5.5 and Gujarat 2.5 am I right?
- Management:** Yes 2% Gujarat.
- Rajesh Kothari:** Basically total about close to 7.5% is from Maharashtra and Gujarat, if you see these new States what are your targets and how much they should contribute to your overall loan book?
- Management:** I think it should slowly it should go reach around 10% over the next 3-4 years.
- Rajesh Kothari:** I'm not sure it's the right way to look at it but if one suppose takes out Maharashtra and Gujarat and the new States than the overall loan book growth probably would have been about what 50-60% what can be that number?
- Management:** We still are hopeful that in the medium term we should be in a position to grow about 25% plus.
- Rajesh Kothari:** What is your first half loan book growth overall?
- Management:** The loan book growth in the first half has been around 31%.
- Rajesh Kothari:** 31%.
- Management:** YOY 31%.
- Rajesh Kothari:** Should you think considering that your strategy of continued for branch expansion do you think that this growth can be probably more than what it is right now?
- Management:** I think will be happy if we can grow about 25+, I think we should be comfortable with that level of growth. I would not like to calculate on the growth and then try to compromise on the asset quality, no.
- Moderator:** Thank you. Next question is from the line of Saurabh Das from Franklin Templeton. Please go ahead.
- Saurabh Das:** On the funding costs side I had few questions, can you give us the breakup of individual cost heads on NHB, Repco borrowings, commercial banks and NCDs?
- Management:** NHB is around 8.67%, banks 9.84%, Repco also around the same level 9.84%, NCDs have been around 9.33% and in between during the quarter we are raising funds through CPs. 7.5% CPs.
- Saurabh Das:** In terms of the borrowing mix how do you see that in the next 2-3 years?



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- Management:** That will again depend on the interest rates hover to the economy basically the shift will be between banks and the NCDs. That we take a look as it happens how the market emerges with we take a call on that whether to increase our NCDs and the credit borrowings from the banks, depending on how the market movement is in the interest rates.
- Saurabh Das:** So today your NCD borrowing cost is 9.3% so there is like a 50bps differential between the two.
- Management:** Probably we have more of NCD borrowings and even banks have also reduced their base rates of that effect of that will be known in this quarter. The gap is narrowing between NCDs and the bank's base rate.
- Saurabh Das:** In terms of your current rating that is at AA or?
- Management:** AA by CARE and AA- by ICRA.
- Saurabh Das:** Typically when you see your rating upgrade what sort of decline in cost of funds you see?
- Management:** May be about 10-20bps that will be the cost differential there.
- Saurabh Das:** In terms of your growth outlook while you did mention that there is enough confidence given the segments you address but if I just look at the LAP at average ticket size of 23 lakhs I presume that there would be, if this is the average would also be doing 30-35 lakhs ticket size LAP given that you have 64% of the book in Tamil Nadu and I'm sure your large portion around the suburbs of Chennai. Given what we see from the media as well as from the ground checks we do on real estate developers the price is around this place has seen a reasonable correction your growth in TN is around 25% mark so you're still saying that there is very little slowdown in the market in which your or incrementally you are also getting a sense that yes there is a slowdown?
- Management:** No I think as and when the prices go down probably there will be a good opportunity for us to grow since all our books are to retail books, the opportunity level will improve as the prices go down the more people will be interested in buying the house.
- Saurabh Das:** I am on the LAP book because...
- Management:** LAP book as we have told we are restricting to 20% of the outstanding loan book we are already on 19%. We are restricting growth on our laps I think it is 20% only.
- Saurabh Das:** If it is at 19 and you expect it to remain at 19 I am presuming it would grow at same rate as the overall book, so that is my point that if the growth around your key markets are slowing in terms of property prices will not have impact in terms of your overall LAP loan growth?



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- Management:** No both are two different segments the LAP and the housing loan, even if the prices goes down the eligibility amount for the last couple of LTV ratios I think since average ticket size is only around 23 lakhs we should be in a position to sustain this business growth in the LAP.
- Saurabh Das:** What is your originating LTVs for LAP right now?
- Management:** 50%.
- Saurabh Das:** And that has remained steady in the last one year?
- Management:** Last two years.
- Moderator:** Next question is from line of Tahir Badshah from Motilal Oswal. Please go ahead.
- Tahir Badshah:** Is there any geographical concentration on the LAP book?
- Management:** LAP book concentration, probably I have to send it you, not readily available on LAP book overall book I have but LAP book I will send it to you tahir.
- Moderator:** Thank you. As we have no further questions from the participants, I now hand the conference over to Mr. Piran Engineer for his closing comments.
- Piran Engineer:** We thank the management and participants for joining us on the call, have a good day.
- Management:** Thank you.
- Moderator:** Thank you very much members of the management. Ladies and gentleman, on behalf of India Infoline, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.