

# Repc Home Finance

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
27,591	8,544
<b>Bloomberg</b>	<b>REPCO IN</b>
Equity Shares (m)	61.0
M.Cap.(INR b)/(USD b)	44.0/0.7
52-Week Range (INR)	891 / 552
1, 6, 12 Rel. Per (%)	-11/6/-1
Avg Val,( INR m)	59
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	30.2	39.8
BV/Sh. (INR)	152.7	179.4	214.5
RoAA (%)	2.2	2.1	2.2
RoE (%)	17.0	18.2	20.2
Payout (%)	11.6	11.6	11.6
P/E (x)	30.1	23.9	18.2
P/BV (x)	4.7	4.0	3.4
Div. Yield (%)	0.3	0.4	0.6

Estimate change 

TP change 

Rating change 

**CMP: INR722**

**TP: INR904 (+25%)**

**Buy**

## Loan growth robust; Asset quality issues temporary

- 2QFY17 PAT of INR457m was 2% above our estimate. NII grew 22.1% YoY, missing our estimate by 4% due to lower-than-expected loan growth, partly offset by lower opex (17% below estimate, -7% YoY).
- Loan book grew at a marginally slower pace of 23.7% YoY to INR85b due to a High Court order mandating new construction approvals by Chennai Municipal Corporation or Directorate of Town and Country Planning instead of the Gram Panchayats. Thus, sanctions worth INR2b were not disbursed in 2QFY17.
- Disbursements grew 13% YoY, up from +3% YoY in 1QFY17. Prior quarter disbursements were subdued due to the impact of Tamil Nadu state elections. Sanctions growth, on the other hand, touched a 4-quarter high of 22% YoY.
- Loan mix slightly shifted toward self-employed (formed 59.7% of mix v/s 57.5% in 2QFY16). Share of LAP loans also rose marginally to 20.7%. This has been a steady trend over past few years. Margins were stable at 4.3%.
- Asset quality too deteriorated during the quarter. GNPA ratio increased 15bp QoQ/57bp YoY to 2.37% due to deterioration in LAP segment, wherein high-ticket loans worth INR220m slipped into NPA. However, this is a temporary blip and management is confident of a recovery.
- Operating expenses fell 6.8% YoY due to a sharp 14% YoY decline in employee expenses. There were no ESOPs granted during the quarter, but they may come in 3QFY17 depending upon board approval. C/I ratio declined ~500bp YoY to 16.3%, but remained steady on a sequential basis.
- Valuation and view:** RHFL has recorded loan book CAGR of 33% over FY10-16, with equally impressive earnings growth of 24%. Presence in underserved markets, pricing power on asset side, recent ratings upgrade (to lead to lower cost of funds), stringent cost control/credit appraisal processes and expanding reach will support its earnings in the medium term. We estimate healthy 30%/32% loan/PAT growth for next three years. RHFL trades at 4.0/3.4x FY17/18E BV. Maintain **Buy** with a TP of INR904/share (3.8x Sep 2018E BV).

## REPCO: Quarterly performance

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY16	FY17E
Interest Income	1,935	2,084	2,191	2,312	2,389	2,500	2,687	3,347	8,521	10,923
Interest Expenses	1,271	1,344	1,410	1,460	1,550	1,597	1,693	2,152	5,486	6,992
<b>Net Interest Income</b>	<b>664</b>	<b>740</b>	<b>781</b>	<b>852</b>	<b>840</b>	<b>903</b>	<b>994</b>	<b>1,194</b>	<b>3,036</b>	<b>3,931</b>
YoY Growth (%)	25.2	24.7	32.8	28.7	26.5	22.1	27.4	40.2	27.7	29.5
Other income	66	80	63	91	80	98	90	68	300	335
<b>Total Income</b>	<b>730</b>	<b>820</b>	<b>843</b>	<b>943</b>	<b>920</b>	<b>1,000</b>	<b>1,084</b>	<b>1,262</b>	<b>3,336</b>	<b>4,266</b>
YoY Growth (%)	24.7	28.4	32.4	26.2	26.0	22.0	28.6	33.8	27.7	27.9
Operating Expenses	154	175	160	153	149	163	207	264	643	783
YoY Growth (%)	37.0	36.8	13.0	-7.1	-3.5	-6.8	29.1	72.4	17.5	21.8
<b>Operating Profits</b>	<b>576</b>	<b>644</b>	<b>683</b>	<b>790</b>	<b>771</b>	<b>837</b>	<b>877</b>	<b>998</b>	<b>2,693</b>	<b>3,483</b>
YoY Growth (%)	21.8	26.3	37.9	35.7	33.9	29.9	28.5	26.3	30.4	29.4
Provisions	113	47	92	140	179	127	135	160	392	601
<b>Profit before Tax</b>	<b>463</b>	<b>597</b>	<b>591</b>	<b>650</b>	<b>592</b>	<b>710</b>	<b>742</b>	<b>838</b>	<b>2,301</b>	<b>2,882</b>
Tax Provisions	161	207	205	228	196	253	256	289	800	994
<b>Profit after tax</b>	<b>302</b>	<b>391</b>	<b>386</b>	<b>422</b>	<b>395</b>	<b>457</b>	<b>486</b>	<b>549</b>	<b>1,501</b>	<b>1,888</b>
YoY Growth (%)	21.8	21.2	25.5	21.3	30.8	17.0	26.0	30.1	21.9	25.8
Cost to Income Ratio (%)	21.1	21.4	19.0	16.2	16.2	16.3	19.1	20.9	19.3	18.4
Tax Rate (%)	34.7	34.6	34.7	35.0	33.2	35.7	34.5	34.5	34.8	34.5

E: MOSL Estimates

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Exhibit 1: Quarterly performance v/s expectations and deviations for the same****Quarterly performance v/s our estimates and reasons for deviation (INR m)**

Y/e March	2QFY17E	2QFY17A	Var (%)	Comments
Interest Income	2,580	2,500	-3	
Interest Expenses	1,642	1,597	-3	
<b>Net Interest Income</b>	<b>938</b>	<b>903</b>	<b>-4</b>	<b>AUM growth marginally below estimates</b>
YoY Growth (%)	26.8	22.1		
Other income	75	98	30	
<b>Total Income</b>	<b>1,013</b>	<b>1,000</b>	<b>-1</b>	
YoY Growth (%)	23.6	22.0		
Operating Expenses	197	163	-17	No ESOP provisions during the quarter led to lower opex
YoY Growth (%)	12.4	-6.8		
<b>Operating Profits</b>	<b>816</b>	<b>837</b>	<b>3</b>	<b>Lower opex, led to beat</b>
YoY Growth (%)	26.6	29.9		
Provisions	130	127	-2	
<b>Profit before Tax</b>	<b>686</b>	<b>710</b>	<b>4</b>	
Tax Provisions	237	253	7	
<b>Profit after tax</b>	<b>449</b>	<b>457</b>	<b>2</b>	<b>Largely in-line</b>
YoY Growth (%)	15.0	17.0		
Borrowings growth (%)	29.0	22.6		
Cost to Income Ratio (%)	19.4	16.3		
Tax Rate (%)	34.5	35.7		

Source: Company, MOSL

**Loan book grew 24% YoY; Share of non-salaried borrowers continues to rise**

- The loan book grew 23.7% YoY to INR85b. The marginal slowdown in growth is due to a High Court order wherein new construction approvals have to be received from Chennai Municipal Corporation or Directorate of Town and Country Planning instead of the Gram Panchayats. As a result, sanctions worth INR2b were not disbursed during the quarter.
- Disbursements for the quarter grew 13% YoY, up from 3% YoY in the prior quarter. Note that the prior quarter disbursements were subdued due to the impact of the Tamil Nadu state elections. Growth in sanctions, on the other hand, witnessed a strong uptick to 22% YoY, highest in four quarters.
- Continuing the trend of the past several quarters, loan mix shifted marginally towards self-employed which formed 59.7% of the mix, v/s 59.1% in 1QFY17 and 57.5% in 2QFY16. 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 almost 21% 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 21.4% in 2QFY17 has increased marginally from the prior quarter, 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 deteriorates marginally**

- Asset quality deteriorated during the quarter. GNPA ratio increased 15bp sequentially and 57bp YoY to 2.37%. This was due to deterioration in LAP

segment, wherein high ticket size LAP loans worth INR220m slipped into NPA. However, this is a temporary blip and management is confident of recovery.

- GNPA ratio in LAP increased from 2.4% in 2QFY16 to 3.7% in 2QFY17. Similarly, in the non-salaried segment, GNPA has increased from 2.3% to 3.1% YoY. We await clarity from management on the same.
- Provisions, however, declined from INR179m in 1QFY17 to INR127m in 2QFY17.
- PCR stood at 44.8%, in line with prior quarter.

#### **NIMs stable at 4.3%; Opex down sharply**

- Margins were stable at 4.3% despite increasing levels of competition due to higher incremental share of non-salaried borrowers and LAP book.
- Operating expenses fell by 6.8% YoY, due to a sharp 14% YoY decline in employee expenses. As a result, C/I ratio declined ~500bp YoY to 16.3%. On a sequential basis, however, C/I ratio remained steady.
- Share of NCDs increased significantly from 5.9% in 1QFY17 to 9.5% in 2QFY17.

#### **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 4.0/3.4x FY17/18E BV. We value the company using RI model with Rf: 7.25%, CoE: 13.3% and Terminal growth rate: 16.1%. Maintain **Buy** with a TP INR904 (3.8x Sep 2018E BV).

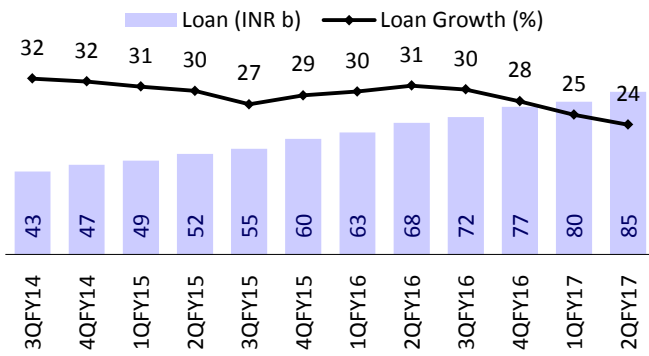
## Exhibit 2: Quarterly Snapshot

	FY15				FY16				FY16		Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
<b>Profit and Loss (INR m)</b>												
<b>Net Interest Income</b>	<b>530</b>	<b>593</b>	<b>588</b>	<b>662</b>	<b>664</b>	<b>740</b>	<b>781</b>	<b>852</b>	<b>840</b>	<b>903</b>	<b>8</b>	<b>22</b>
Operating Expenses	113	128	142	165	154	175	160	153	149	163	10	-7
Employee	68	77	85	105	101	116	102	88	98	100	2	-14
Others	45	51	57	60	53	59	59	65	51	64	25	7
<b>Operating Profits</b>	<b>473</b>	<b>510</b>	<b>495</b>	<b>582</b>	<b>576</b>	<b>644</b>	<b>683</b>	<b>790</b>	<b>771</b>	<b>837</b>	<b>9</b>	<b>30</b>
Provisions	98	17	26	62	113	47	92	140	179	127	-29	170
<b>PBT</b>	<b>375</b>	<b>493</b>	<b>469</b>	<b>520</b>	<b>463</b>	<b>597</b>	<b>591</b>	<b>650</b>	<b>592</b>	<b>710</b>	<b>20</b>	<b>19</b>
Taxes	127	171	161	172	161	207	205	228	196	253	29	22
<b>PAT</b>	<b>248</b>	<b>327</b>	<b>307</b>	<b>348</b>	<b>302</b>	<b>391</b>	<b>386</b>	<b>422</b>	<b>395</b>	<b>457</b>	<b>16</b>	<b>17</b>
<b>Asset Quality</b>												
GNPA	1,218	864	1,095	791	1,406	1,236	1,639	1,009	1,770	2,011	14	63
NNPA	783	418	638	301	818	624	973	369	971	1,109	14	78
Gross NPAs (%)	2.5	1.7	2.0	1.3	2.2	1.8	2.3	1.3	2.2	2.4		
Net NPAs (%)	1.6	0.8	1.2	0.5	1.3	0.9	1.4	0.5	1.2	1.3		
PCR (Calculated, %)	35.7	51.6	41.7	62.0	41.8	49.5	40.6	63.4	45.1	44.8		
<b>Ratios (%)</b>												
Cost to Income	19.2	20.1	22.3	22.1	21.1	21.4	19.0	18.0	16.2	16.3		
Provision to operating profit	20.7	3.3	5.3	10.7	19.6	7.3	13.5	17.7	23.3	15.2		
Tax Rate	33.8	34.7	34.4	33.1	34.7	34.6	34.7	35.0	33.2	35.7		
Total CAR	23.5	21.9	21.5	20.3	20.0	NA	NA	0.0	20.1	NA		
RoA - calculated	2.6	2.5	2.4	2.3	2.3	2.2	NA	2.2	2.2	2.2		
RoE - calculated	16.5	16.3	16.2	16.1	16.4	16.1	NA	18.7	18.7	18.0		
<b>Margins Reported (%)</b>												
Yield on earning assets	12.6	13.0	12.7	12.7	12.5	12.6	12.5	12.5	12.2	12.2		
Cost of Funds	9.8	10.0	9.9	9.6	9.7	9.6	9.4	9.2	9.3	9.2		
Spreads	2.8	3.1	2.8	3.1	2.8	3.1	3.1	3.2	2.9	3.0		
NIMs	4.4	4.7	4.4	4.6	4.3	4.5	4.5	4.6	4.3	4.4		
<b>Business Details (INR b)</b>												
<b>Loans</b>												
Individual Home Loans	40	42	44	49	51	55		62	64	67		
Loans against Property	9	10	11	12	12	13		15	16	18		
<b>Total Loans</b>	<b>49</b>	<b>52</b>	<b>55</b>	<b>60</b>	<b>63</b>	<b>68</b>		<b>77</b>	<b>80</b>	<b>85</b>		
<b>AUM Mix (%)</b>												
Individual Home Loans	81	81	81	81	81	81		80	80	79		
Loans against Property	19	20	19	19	19	19		20	20	21		
<b>Total Borrowing Mix (%)</b>												
Banks	63.9	68.9	71.8	67.6	68.2	68.1		72.4	63.2	62.0		
NHB	26.2	22.1	19.7	21.4	19.1	16.6		13.9	20.0	18.1		
Repc Bank	9.9	9.0	8.5	7.9	9.0	8.5		7.6	7.2	6.9		
NCD/CPs	0.0	0.0	0.0	3.1	3.7	6.8		6.1	9.6	13.0		

Source: Company, MOSL

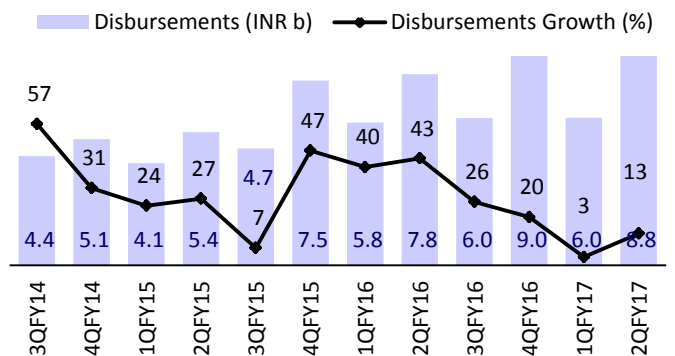
Story in charts

Exhibit 3: Loan growth slowing down, but remains healthy



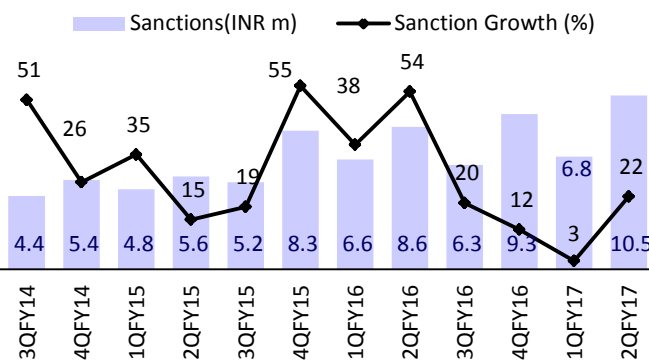
Source: Company, MOSL

Exhibit 4: Disbursements grew 13% YoY



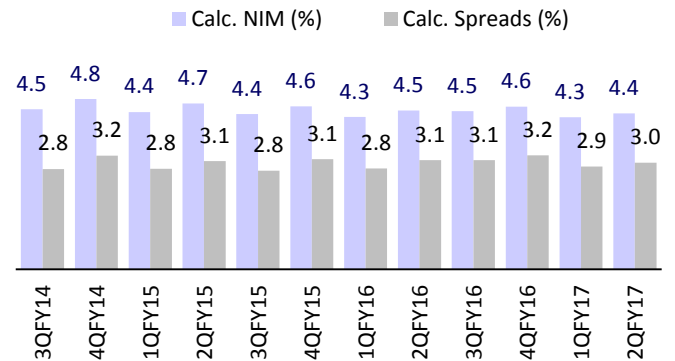
Source: Company, MOSL

Exhibit 5: Sanctions growth has picked up smartly



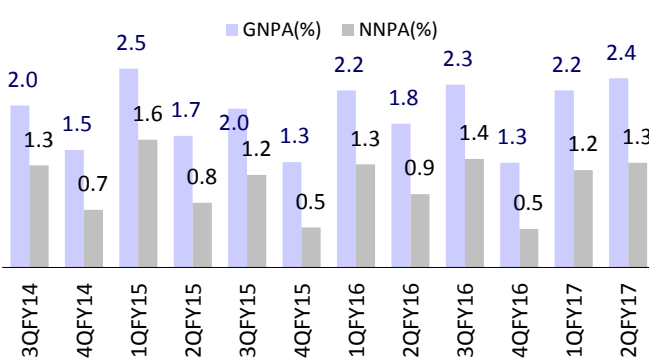
Source: Company, MOSL

Exhibit 6: Calc. NIM/Spreads remain healthy at +4.4%/3.0%



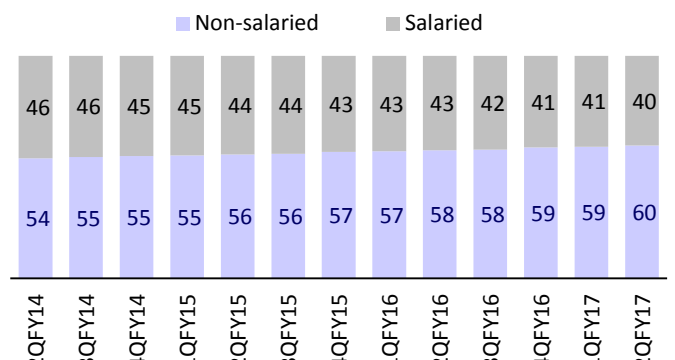
Source: Company, MOSL

Exhibit 7: Asset quality has worsened marginally



Source: Company, MOSL

Exhibit 8: Loans to non-salaried continues to increase



Source: Company, MOSL

## Exhibit 9: 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	283	25.0	17.2	18.2	13.2	11.1	145	158	1.47	1.28	1.12	1.05	10.4	10.1
HDFCB	Buy	1,255	48.1	58.5	70.3	21.5	17.9	332	386	3.78	3.25	1.92	1.94	18.9	19.6
AXSB	Neutral	491	17.7	13.4	23.7	36.5	20.7	230	250	2.13	1.96	0.56	0.84	6.0	9.9
KMB*	Buy	811	22.5	26.7	33.1	30.4	24.5	208	239	3.91	3.39	1.63	1.81	14.2	15.4
YES	Buy	1,224	7.8	77.4	100.0	15.8	12.2	389	469	3.15	2.61	1.77	1.84	21.6	23.3
IIB	Buy	1,213	10.9	48.4	60.9	25.1	19.9	333	385	3.65	3.15	1.83	1.85	15.5	17.0
IDFC Bk	Neutral	73	3.7	3.2	4.1	22.5	17.6	43	46	1.70	1.58	1.18	1.11	7.8	9.3
FB	Buy	77	2.0	4.6	5.6	16.8	13.8	51	55	1.53	1.41	0.79	0.80	9.4	10.6
DCBB	Neutral	130	0.6	7.2	8.7	18.1	14.9	69	77	1.89	1.68	0.95	0.93	11.0	11.9
JKBK	Neutral	66	0.5	-1.8	5.6	-36.9	11.8	130	136	0.50	0.48	-0.10	0.28	-1.4	4.2
SIB	Buy	23	0.5	3.0	3.6	7.8	6.3	30	33	0.77	0.70	0.59	0.62	10.3	11.7
<b>Private Aggregate</b>			<b>139.3</b>			<b>23.2</b>	<b>18.8</b>			<b>2.74</b>	<b>2.46</b>				
SBIN (cons)*	Buy	253	29.7	14.2	24.6	17.7	10.2	234	253	1.14	1.04	0.46	0.56	7.7	9.8
PNB	Neutral	141	4.5	11.4	13.6	12.4	10.4	186	197	0.76	0.71	0.35	0.39	6.4	7.1
BOI	Neutral	109	1.5	-10.8	21.6	-10.1	5.1	239	255	0.46	0.43	-0.16	0.29	-4.6	8.7
BOB	Buy	149	5.2	14.1	20.0	10.6	7.5	157	173	0.95	0.86	0.47	0.60	9.3	12.1
CBK	Neutral	297	2.4	28.3	37.5	10.5	7.9	500	528	0.59	0.56	0.27	0.32	5.8	7.3
UNBK	Buy	130	1.3	15.9	32.0	8.1	4.0	308	336	0.42	0.39	0.26	0.48	5.3	9.9
OBC	Neutral	116	0.6	16.7	24.2	6.9	4.8	410	428	0.28	0.27	0.23	0.30	4.2	5.8
INBK	Buy	216	1.6	25.3	31.4	8.5	6.9	300	324	0.72	0.67	0.57	0.64	8.7	10.0
ANDB	Buy	53	1.7	1.5	6.4	34.6	8.2	109	114	0.49	0.46	0.08	0.31	1.4	5.8
<b>Public Aggregate</b>			<b>48.6</b>			<b>15.8</b>	<b>9.9</b>			<b>0.77</b>	<b>0.73</b>				
<b>Banks Aggregate</b>			<b>187.9</b>			<b>20.7</b>	<b>15.2</b>			<b>1.65</b>	<b>1.52</b>				
HDFC*	Buy	1,389	33.2	34.5	37.8	28.1	22.3	194	217	4.36	3.57	1.84	1.82	19.4	19.0
LICHF	Buy	549	4.2	39.9	49.6	13.7	11.1	213	253	2.58	2.17	1.51	1.55	20.3	21.3
IHFL	Buy	787	5.0	68.1	83.7	11.6	9.4	280	315	2.81	2.50	3.63	3.65	25.5	28.1
GRHF	Neutral	326	1.8	8.0	10.1	40.8	32.4	28	35	11.59	9.40	2.25	2.26	31.3	32.1
REPCO	Buy	722	0.7	30.4	39.7	23.8	18.2	180	215	4.02	3.37	2.15	2.20	18.3	20.1
DEWH	Buy	314	1.4	31.4	38.8	10.0	8.1	202	231	1.55	1.36	1.27	1.31	17.0	17.9
<b>Housing Finance</b>			<b>46.4</b>			<b>22.0</b>	<b>18.5</b>			<b>4.40</b>	<b>3.88</b>				
RECL	Neutral	126	3.8	29.4	33.4	4.3	3.8	168	194	0.75	0.65	2.63	2.54	18.8	18.5
POWF	Neutral	115	4.6	24.0	25.5	4.8	4.5	149	167	0.77	0.69	2.37	2.12	16.8	16.2
<b>Infra Finance</b>			<b>8.3</b>			<b>4.5</b>	<b>4.1</b>			<b>0.76</b>	<b>0.67</b>				
SHTF	Buy	1,055	3.6	66.9	90.2	15.8	11.7	502	573	2.10	1.84	2.30	2.65	14.1	16.7
MMFS	Buy	346	3.0	14.3	17.4	24.3	19.9	118	131	2.93	2.65	1.97	2.10	12.6	14.0
BAF	Buy	984	1.6	34.9	44.9	28.2	21.9	167	205	5.91	4.80	3.51	3.43	23.0	24.2
MUTH	Buy	363	2.2	28.0	33.6	13.0	10.8	159	180	2.29	2.02	3.66	3.57	18.7	19.9
<b>Asset Finance</b>			<b>12.1</b>			<b>13.3</b>	<b>10.8</b>			<b>2.17</b>	<b>1.93</b>				
<b>NBFC Aggregate</b>			<b>66.8</b>			<b>13.8</b>	<b>11.8</b>			<b>2.47</b>	<b>2.18</b>				
<b>Financials</b>			<b>254.7</b>			<b>18.3</b>	<b>14.2</b>			<b>1.80</b>	<b>1.65</b>				

Source: MOSL

## Financials and Valuations

<b>Income statement</b>							<b>(INR Million)</b>	
<b>Y/E March</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017E</b>	<b>2018E</b>	
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	
<b>Net Interest Income</b>	<b>1,032</b>	<b>1,255</b>	<b>1,908</b>	<b>2,378</b>	<b>3,039</b>	<b>3,931</b>	<b>5,071</b>	
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	
<b>Net Income</b>	<b>1,166</b>	<b>1,403</b>	<b>2,102</b>	<b>2,613</b>	<b>3,336</b>	<b>4,266</b>	<b>5,449</b>	
Change (%)	18.9	20.4	49.8	24.3	27.7	27.9	27.7	
Operating Expenses	194	243	388	547	643	783	964	
<b>Operating Income</b>	<b>972</b>	<b>1,160</b>	<b>1,714</b>	<b>2,065</b>	<b>2,693</b>	<b>3,483</b>	<b>4,484</b>	
Change (%)	16.9	19.4	47.7	20.5	30.4	29.4	28.7	
Provisions/write offs	155	92	226	203	392	601	687	
<b>PBT</b>	<b>816</b>	<b>1,068</b>	<b>1,488</b>	<b>1,862</b>	<b>2,301</b>	<b>2,882</b>	<b>3,797</b>	
Tax	202	268	390	631	800	994	1,310	
Tax Rate (%)	25	25	26	34	35	35	35	
<b>Reported PAT</b>	<b>615</b>	<b>800</b>	<b>1,098</b>	<b>1,231</b>	<b>1,501</b>	<b>1,888</b>	<b>2,487</b>	
Change (%)	5.7	30.2	37.2	12.1	21.9	25.8	31.8	

<b>Balance sheet</b>							<b>(INR Million)</b>	
<b>Y/E March</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017E</b>	<b>2018E</b>	
Capital	464	622	622	624	625	625	625	
Reserves & Surplus	2,568	5,724	6,760	7,497	8,923	10,592	12,790	
<b>Net Worth</b>	<b>3,033</b>	<b>6,345</b>	<b>7,381</b>	<b>8,121</b>	<b>9,548</b>	<b>11,217</b>	<b>13,416</b>	
Borrowings	2,486	3,678	3,982	5,614	65,379	84,980	109,617	
<b>Borrowings</b>	<b>24,860</b>	<b>30,647</b>	<b>39,020</b>	<b>51,044</b>	<b>65,379</b>	<b>84,980</b>	<b>109,617</b>	
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	
<b>Total Liabilities</b>	<b>28,527</b>	<b>37,924</b>	<b>47,361</b>	<b>60,757</b>	<b>77,632</b>	<b>99,036</b>	<b>126,015</b>	
<b>Loans</b>	<b>28,090</b>	<b>35,500</b>	<b>45,961</b>	<b>60,129</b>	<b>76,912</b>	<b>99,976</b>	<b>128,961</b>	
Change (%)	35.3	26.4	29.5	30.8	27.9	30.0	29.0	
<b>Investments</b>	<b>81</b>	<b>81</b>	<b>124</b>	<b>124</b>	<b>124</b>	<b>136</b>	<b>150</b>	
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	
<b>Total Assets</b>	<b>28,527</b>	<b>37,924</b>	<b>47,361</b>	<b>60,757</b>	<b>77,632</b>	<b>99,036</b>	<b>126,015</b>	

E: MOSL Estimates

## Financials and Valuations

<b>Ratios</b>							
<b>Y/E March</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017E</b>	<b>2018E</b>
<b>Spreads Analysis (%)</b>							
<b>Avg Yield on Housing Loans</b>	<b>12.4</b>	<b>12.2</b>	<b>12.5</b>	<b>12.5</b>	<b>12.4</b>	<b>12.4</b>	<b>12.3</b>
Avg. Yield on Earning Assets	12.5	12.3	12.6	12.6	12.4	12.3	12.2
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>9.4</b>	<b>9.6</b>	<b>9.3</b>	<b>9.6</b>	<b>9.4</b>	<b>9.3</b>	<b>9.2</b>
<b>Interest Spread</b>	<b>3.1</b>	<b>2.7</b>	<b>3.3</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>Net Interest Margin</b>	<b>4.2</b>	<b>3.9</b>	<b>4.7</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>
<b>Profitability Ratios (%)</b>							
RoE	22.3	17.1	16.0	15.9	17.0	18.2	20.2
RoA	2.48	2.41	2.57	2.28	2.17	2.14	2.21
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
<b>Efficiency Ratios (%)</b>							
Op. Exps./Net Income	16.7	17.3	18.5	21.0	19.3	18.4	17.7
Empl. Cost/Op. Exps.	54.1	58.0	54.3	61.2	63.7	63.2	64.2
<b>Asset Quality (%)</b>							
Gross NPAs	382	525	686	791	1,009	1,317	1,717
Gross NPAs to Adv.	1.4	1.5	1.5	1.3	1.2	1.1	1.0
Net NPAs	265	348	333	298	369	856	1,116
Net NPAs to Adv.	0.9	1.0	0.7	0.5	0.4	0.2	0.0
<b>VALUATION</b>							
Book Value (INR)	65.3	102.1	118.7	130.2	152.7	179.4	214.5
<b>Price-BV (x)</b>	<b>11.1</b>	<b>7.1</b>	<b>6.1</b>	<b>5.5</b>	<b>4.7</b>	<b>4.0</b>	<b>3.4</b>
EPS (INR)	13.2	12.9	17.7	19.7	24.0	30.2	39.8
EPS Growth YoY	5.7	-2.7	37.2	11.8	21.6	25.8	31.8
<b>Price-Earnings (x)</b>	<b>54.6</b>	<b>56.1</b>	<b>40.9</b>	<b>36.6</b>	<b>30.1</b>	<b>23.9</b>	<b>18.2</b>
Dividend per share (INR)	1.0	1.3	1.2	1.5	2.4	3.0	4.0
<b>Dividend yield (%)</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.6</b>

E: MOSL Estimates

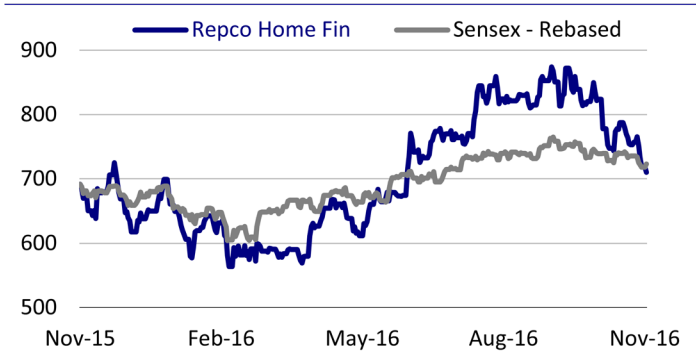


## Corporate profile

### 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 (%)

	Sep-16	Jun-16	Sep-15
Promoter	37.1	37.1	37.3
DII	21.9	22.5	16.9
FII	27.3	26.5	30.2
Others	13.8	13.8	15.7

Note: FII Includes depository receipts

### Exhibit 12: Top holders

Holder Name	% Holding
Franklin Templeton Mutual Fund A/C Franklin	4.8
SBI Magnum Multiplier Fund	4.2
Birla Sun Life Trustee Company Private Limited Acbirla	4.0
Parvest Equity India	4.0
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	30.2	-	-
FY18	39.8	-	-

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- |  |    |
|--|----|
| Analyst ownership of the stock             | No |
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