

REPCO HOME FINANCE LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.189.60 (As on 12th Apr 2023)

TARGET PRICE : Rs.237.00

FACE VALUE : Rs.10

BSE CODE : 535322

NSE CODE : REPCOHOME





Repco Home Finance Ltd (RHFL) is a professionally managed housing finance company head quartered in Chennai, Tamil Nadu. The Company was incorporated in April 2000. It is registered as a housing finance company with the National Housing Bank (NHB).

At the end of March 2022, RHFL is operating through 155 branches and 24 satellite centres in Tamil Nadu, Andra Pradesh, Telangana, Jharkhand, Kerala, Karnataka, Maharashtra, Madhya Pradesh, Gujarat, Odisha, West Bengal, Rajasthan and Puducherry. The mission of RHFL has been to translate into reality the aspirations of people to own a house by covering the market-existing and potential-comprehensively through institutional credit support customised to suit individual needs in a transparent and ethical way.

ABOUT THE COMPANY

Business summary

Repco Home Finance Limited

Loans outstanding -
Rs. 1,21,963 mn

Net worth
Rs. 22,407 mn

Total capital adequacy ratio
36.7%

Average loan per unit
Rs. 1.2 mn

Number of live accounts
1,03,932

Employee strength - 958

GNPA – 6.2%

ECL provision(%) - 4.2%

Business performance momentum



Repco Home Finance Limited

Figures in Rs million



Note – The Company did not acquire any loan pool during Q3FY23.

Key indicators – Q3FY23 vs Q3FY22



Repco Home Finance Limited

Figures in Rs million

Sanctions

Q3FY23

7,450

51%

Q3FY22

4,943

Disbursements

6,962

57%

4,439

Net interest income

1,460

2%

1,492

Operating revenue

Q3FY23

3,270

2%

Q3FY22

3,219

PBT

1,089

155%

427

PAT

808

157%

315

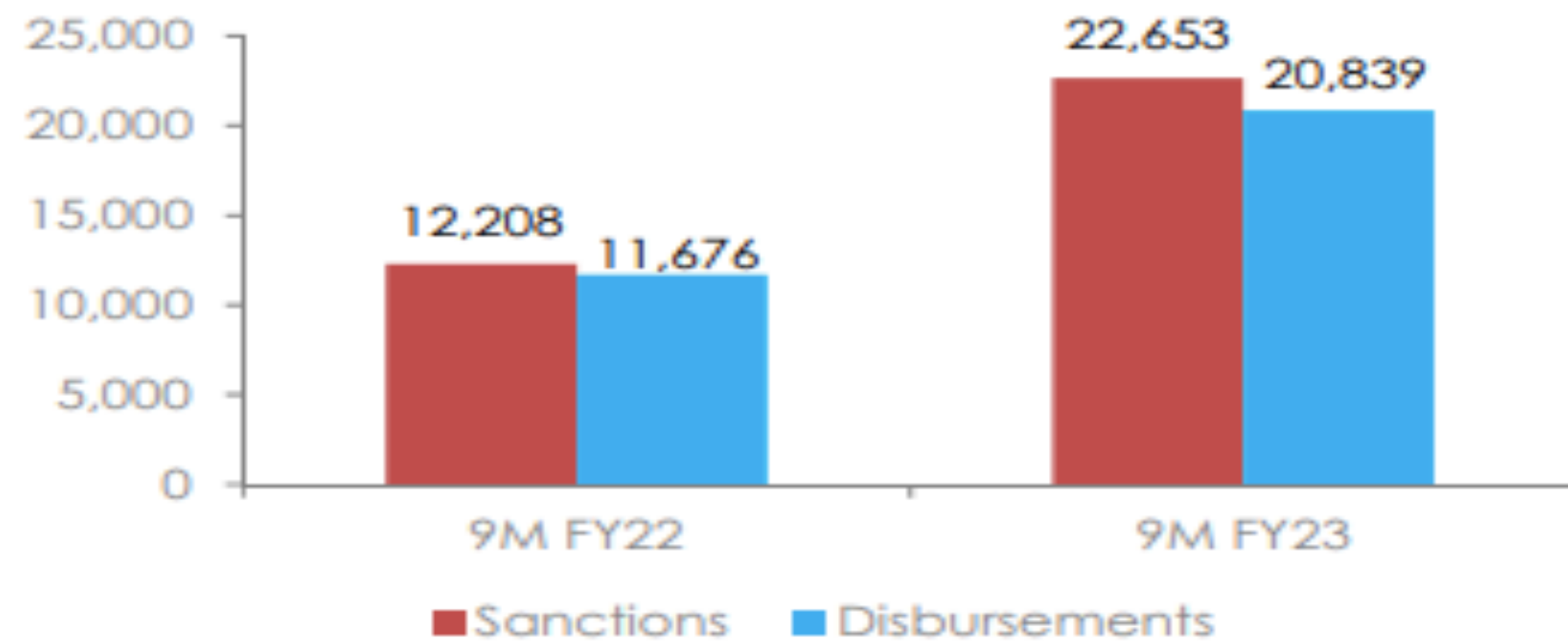
Asset book



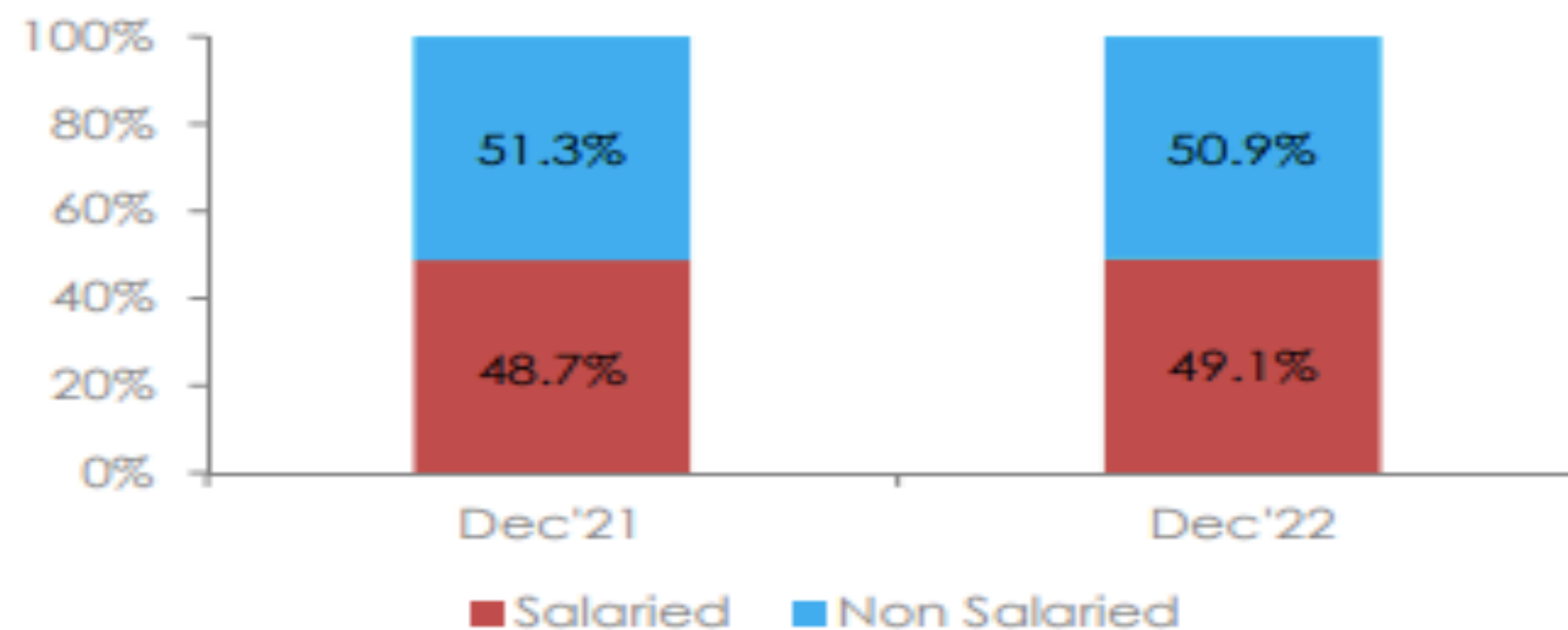
Repco Home Finance Limited

Figures in Rs million

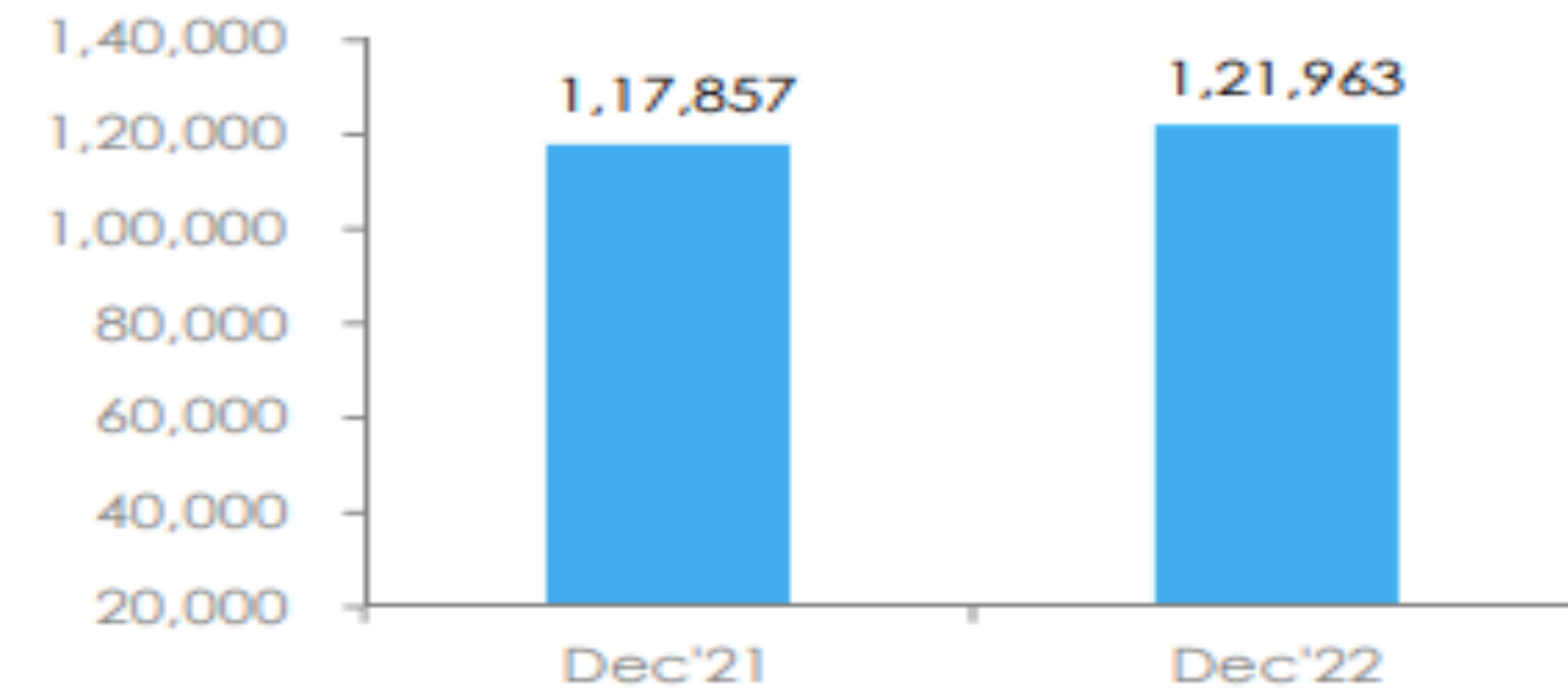
Sanctions and disbursements



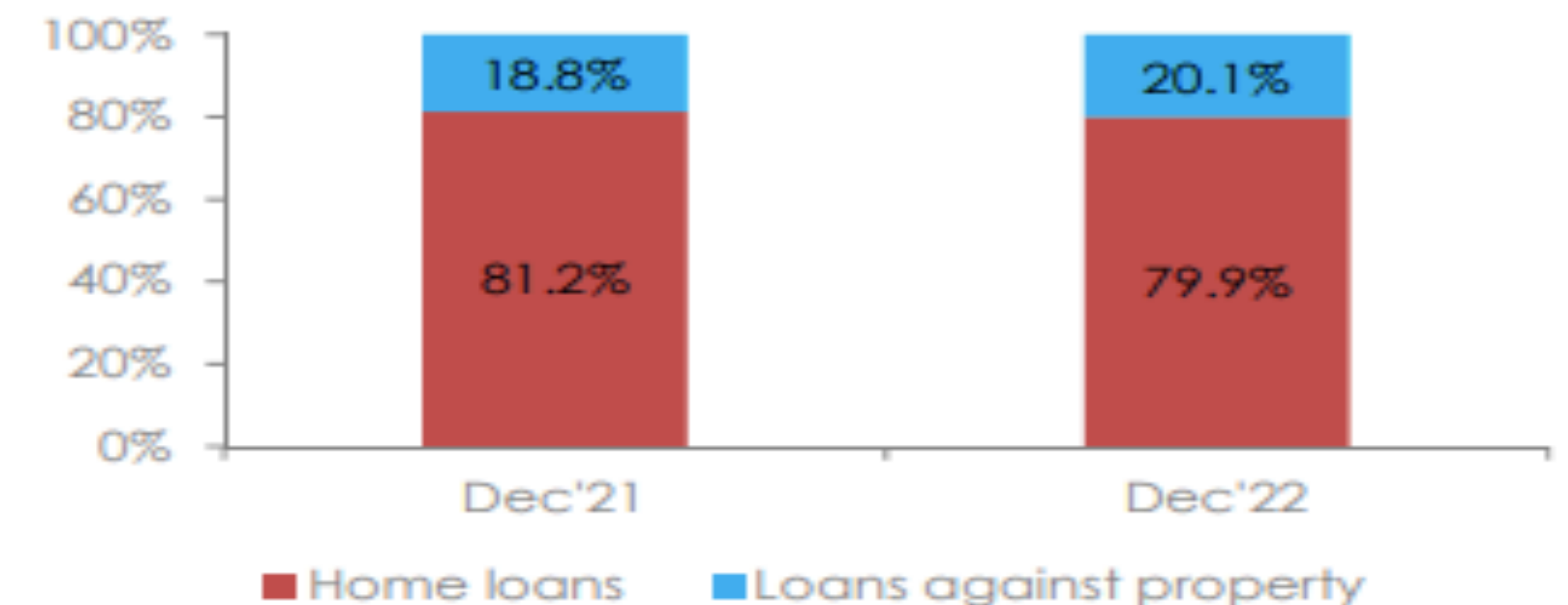
Loan book composition



Loan Book

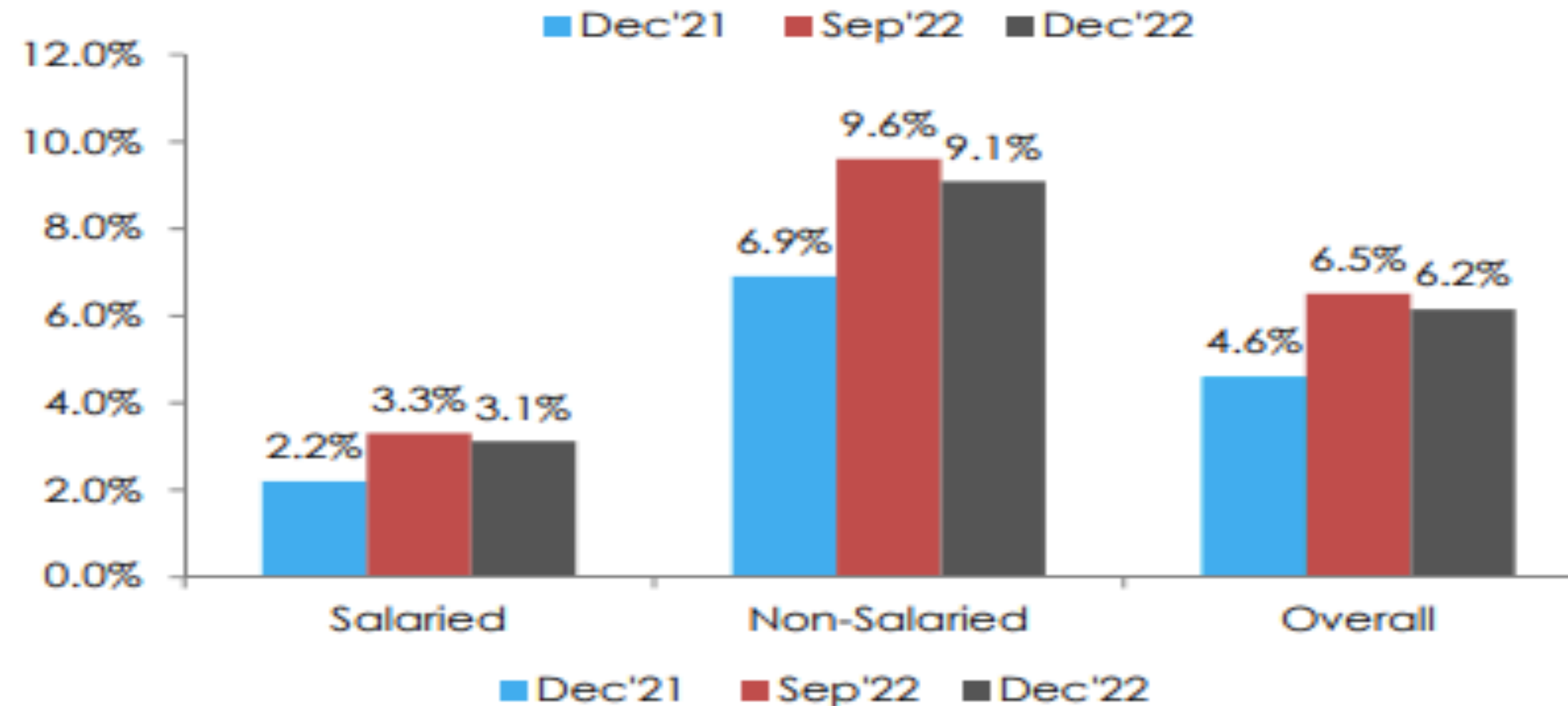
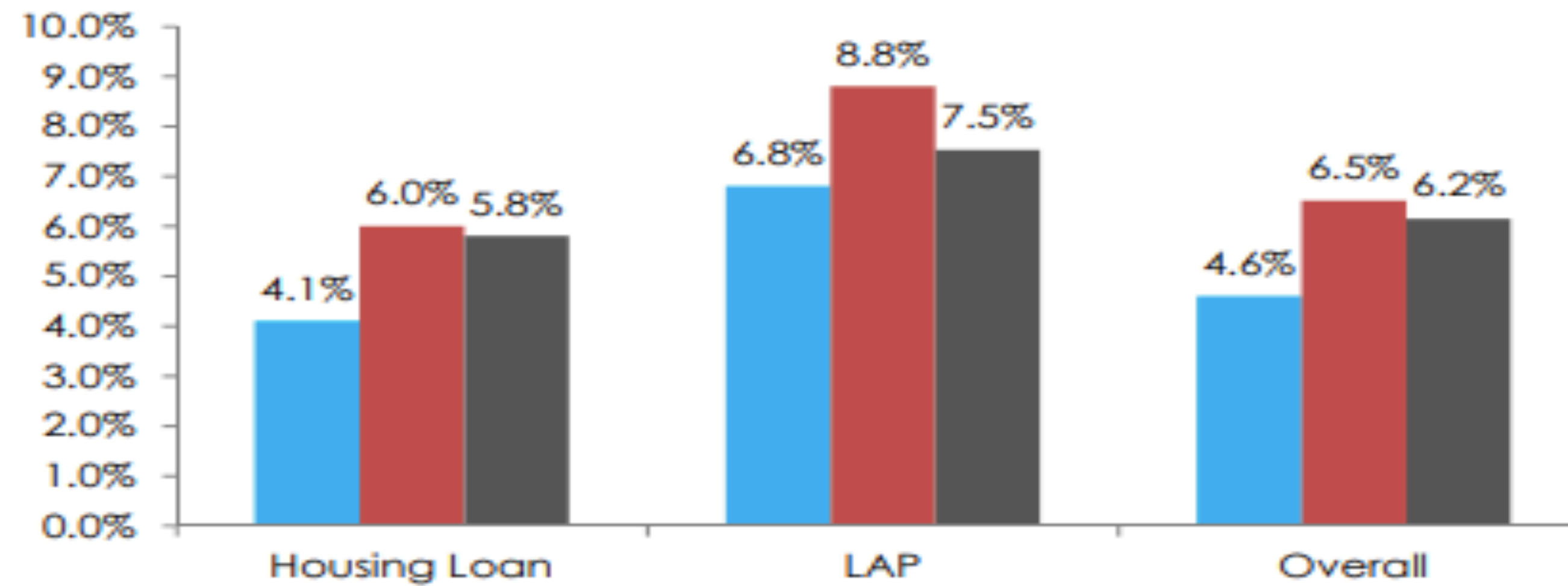


Mix of loan portfolio



Product mix / Occupation wise GNPA(%)

Repco Home Finance Limited

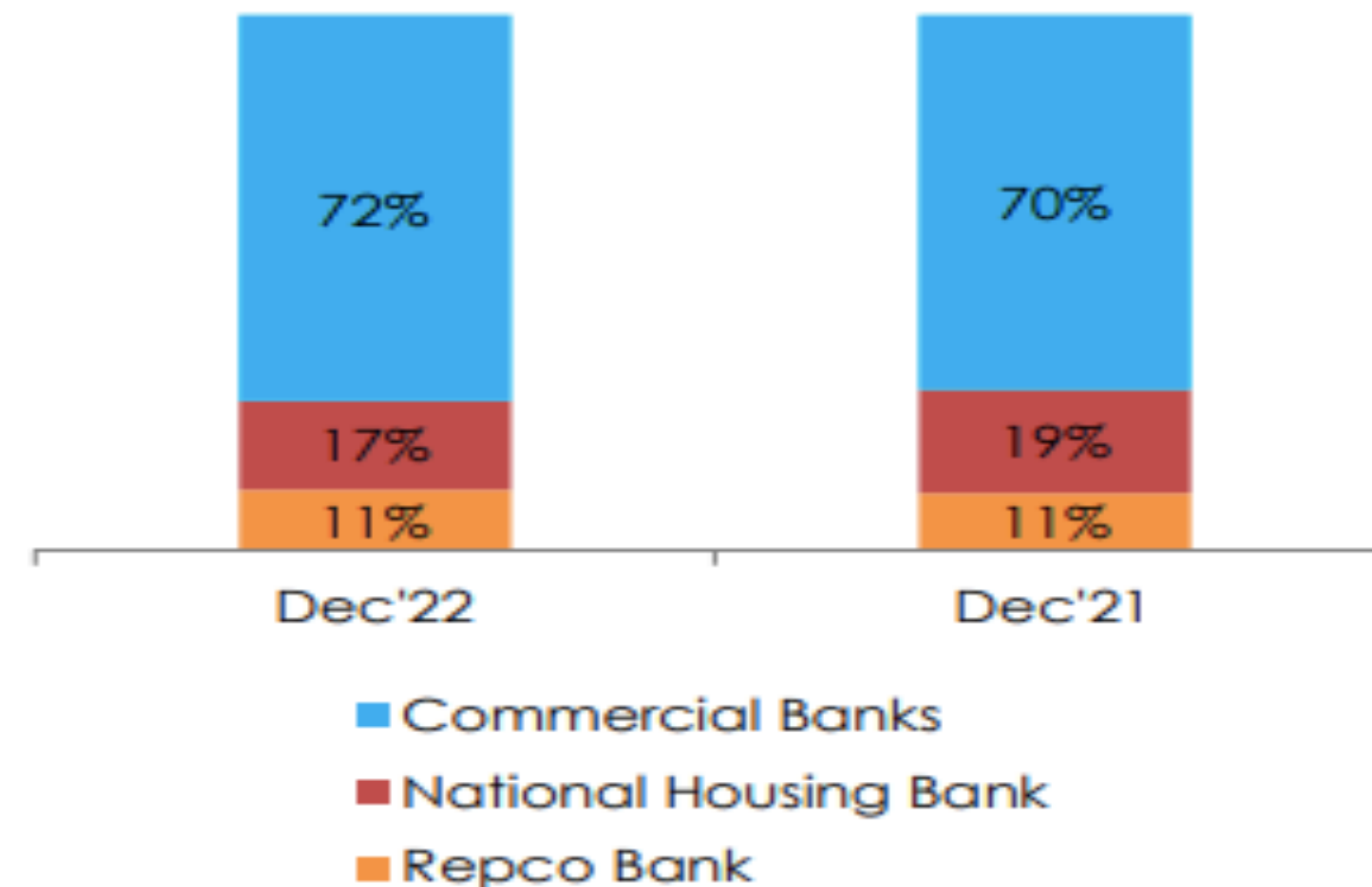


Borrowing profile



Repco Home Finance Limited

Source (Rs mn)	Average cost (Dec'22)	Dec'21	Sep'22	Dec'22	% change (Y-o-Y)
National Housing Bank	6.73%	18,588	16,813	15,835	-15%
Repco Bank	7.65%	10,308	10,382	10,914	6%
Commercial Banks	7.89%	67,222	69,159	69,206	3%
Total	7.67%	96,118	96,354	95,955	

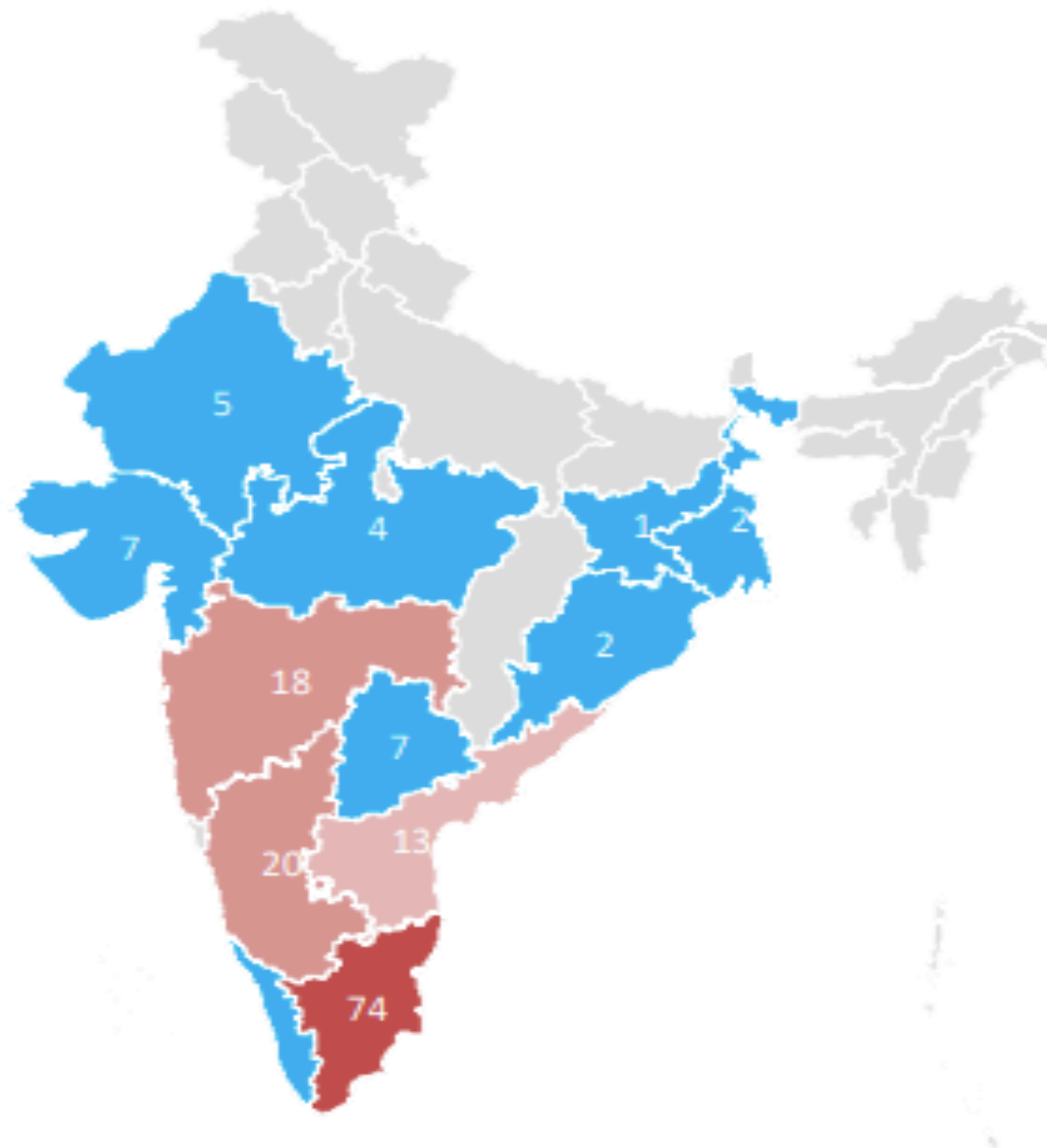


Network



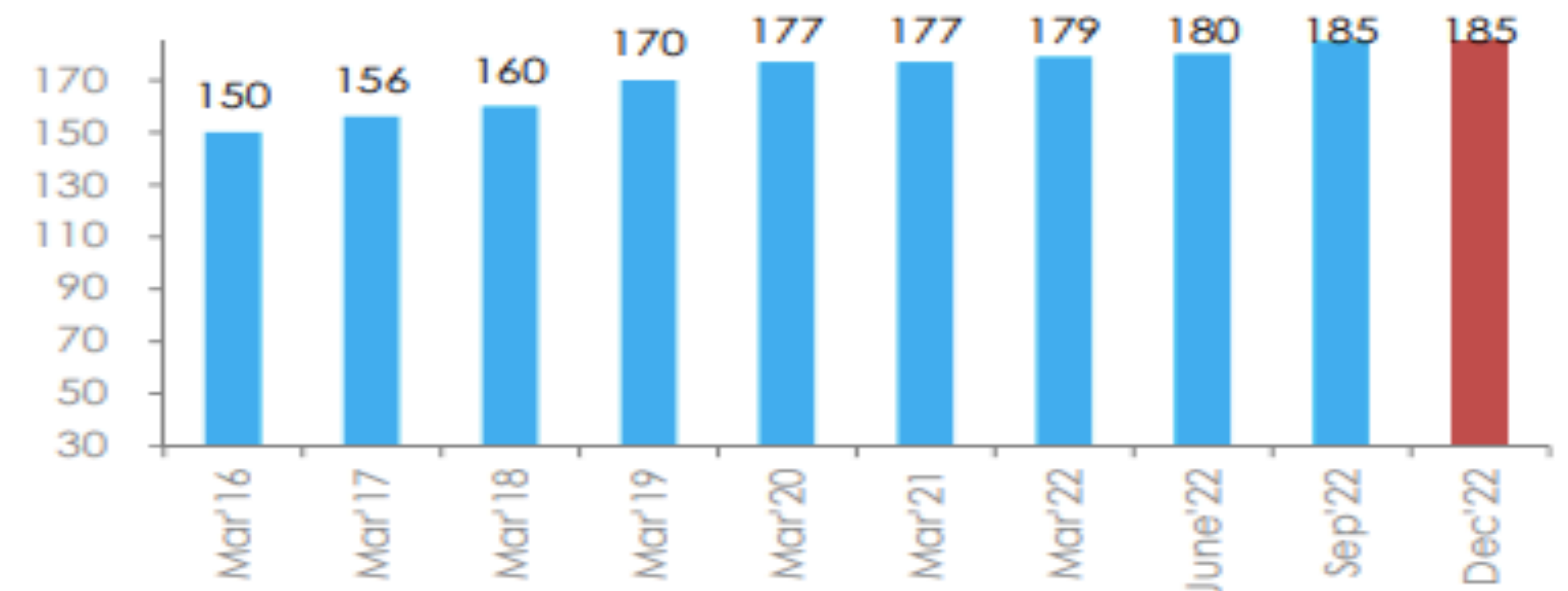
Repco Home Finance Limited

Branch network



- ◆ Present in 12 states and 1 Union Territory with 160 branches and 25 satellite centers.
- ◆ Additionally, we have 2 asset recovery branches.
- ◆ Presence beyond South: branches in West Bengal, Orissa, Maharashtra, Gujarat, Madhya Pradesh & Rajasthan.

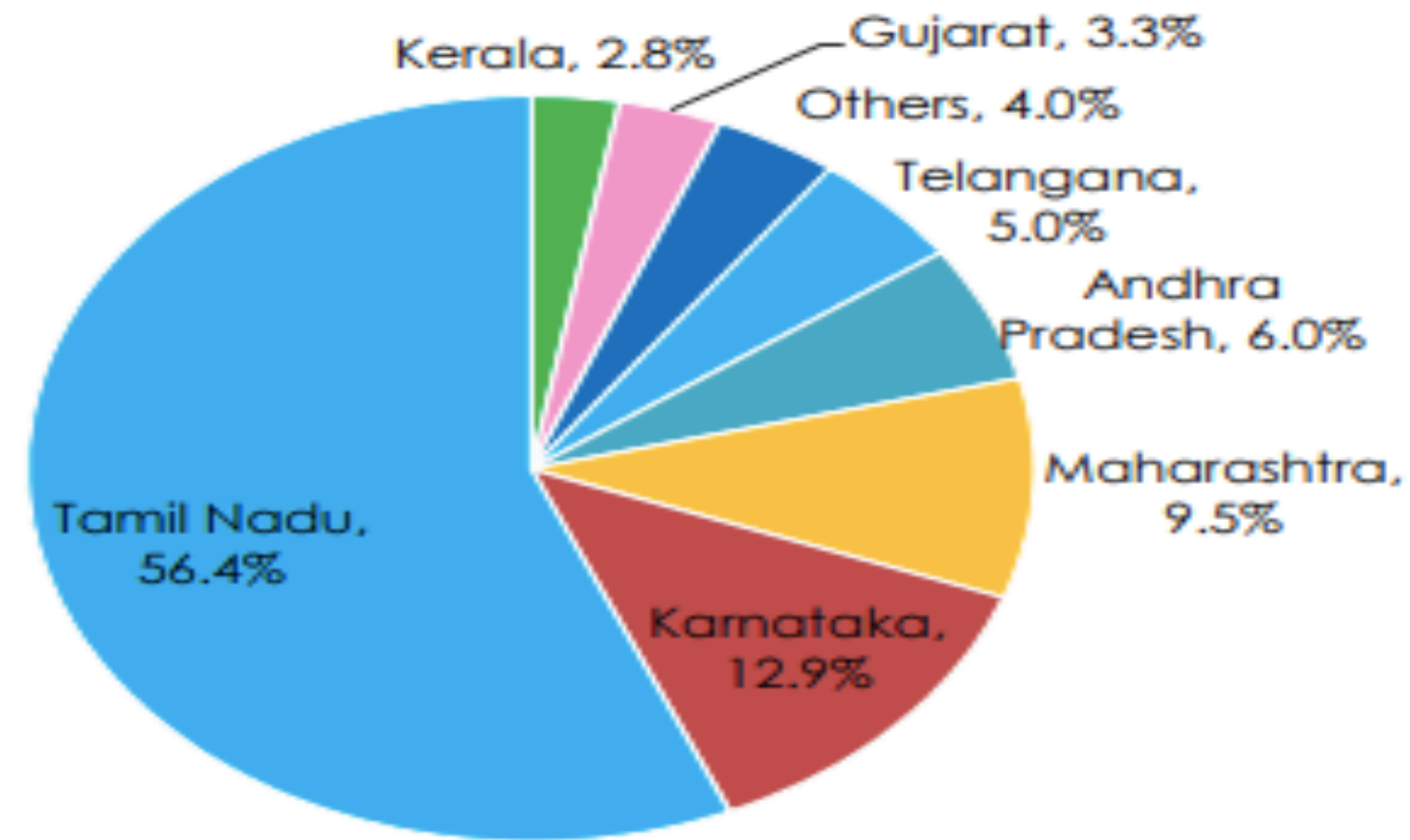
Network



Region-wise loan book



Repco Home Finance Limited



States	Exposure			YoY growth	QoQ growth
	Dec'21	Sep'22	Dec'22		
Kerala	3.0%	2.9%	2.8%	-3%	-3%
Gujarat	3.7%	3.4%	3.3%	-7%	-11%
Others	3.7%	3.2%	4.0%	12%	109%
Telangana	4.7%	4.9%	5.0%	10%	11%
Andhra Pradesh	5.8%	5.9%	6.0%	7%	9%
Maharashtra	9.7%	9.6%	9.5%	1%	-1%
Karnataka	13.3%	12.9%	12.9%	1%	7%
Tamil Nadu	55.9%	57.2%	56.4%	4%	-1%
Total	100%	100%	100%	3%	4%

Annualized

Relative performance – Q3FY23



Repco Home Finance Limited

Particulars	Units	Q3FY22	Q3FY23
Sanctions	Rs. mn	4,943	7,450
Disbursements	Rs. mn	4,439	6,962
Net interest income	Rs. mn	1,492	1,460
PAT	Rs. mn	315	808
NIM	%	5.0	4.8
Yield on assets	%	10.9	10.8
Cost of funds	%	7.1	7.5
Spread	%	3.8	3.3
Return on assets	%	1.1	2.7
Return on equity	%	6.2	14.7

Relative performance – 9MFY23



Repco Home Finance Limited

Particulars	Units	9MFY22	9MFY23
Sanctions	Rs. mn	12,208	22,653
Disbursements	Rs. mn	11,676	20,839
Net interest income	Rs. mn	4,500	4,280
PAT	Rs. mn	1,495	2,140
NIM	%	5.0	4.8
Yield on assets	%	10.8	10.5
Cost of funds	%	7.0	7.1
Spread	%	3.8	3.4
Return on assets	%	1.7	2.4
Return on equity	%	10.2	13.3
Debt to Equity	X	4.7	4.3

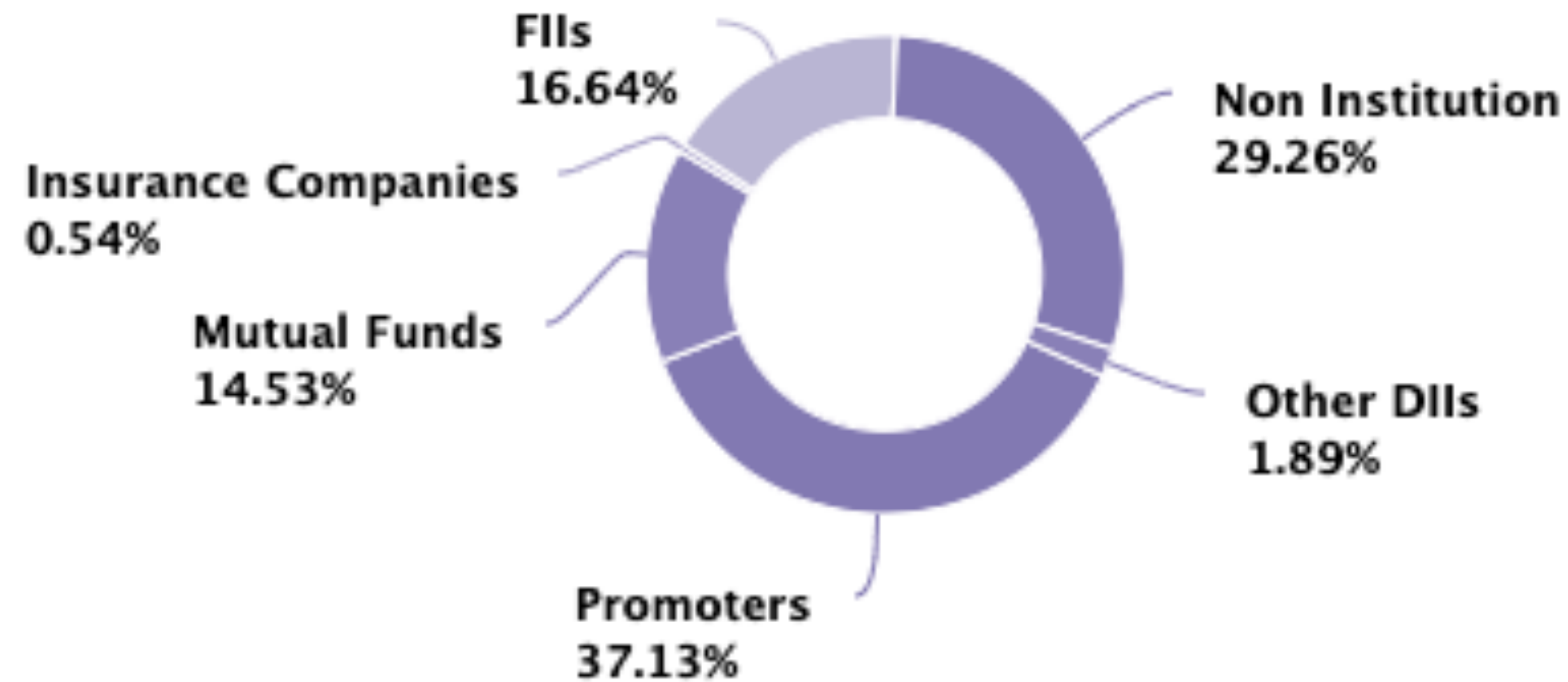
Yearly Results

YEARLY RESULTS OF REPCO HOME FINANCE (in Rs. Cr.)	MAR '22	MAR '21	MAR '20	MAR '19	MAR '18
Net Sales/Income from operations	1,290.19	1,373.46	1,345.46	1,189.25	1,105.43
Other Operating Income	--	--	--	--	2.30
Total Income From Operations	1,290.19	1,373.46	1,345.46	1,189.25	1,107.73
EXPENDITURE					
Employees Cost	78.63	71.35	66.43	58.52	48.77
Depreciation	12.88	12.98	12.93	5.03	3.09
Provisions And Contingencies	233.06	80.76	--	16.98	66.99
Other Expenses	32.56	30.11	86.58	34.87	26.23
P/L Before Other Inc., Int., Excpt. Items & Tax	933.06	1,178.26	1,179.52	1,073.85	962.65
Other Income	16.38	18.77	5.64	5.92	--
P/L Before Int., Excpt. Items & Tax	949.44	1,197.03	1,185.16	1,079.77	962.65
Interest	689.93	807.24	824.97	719.95	648.35
P/L Before Exceptional Items & Tax	259.51	389.79	360.19	359.82	314.30
P/L Before Tax	259.51	389.79	360.19	359.82	314.30
Tax	67.97	102.19	79.84	125.18	108.17
P/L After Tax from Ordinary Activities	191.54	287.60	280.35	234.64	206.13
Net Profit/(Loss) For the Period	191.54	287.60	280.35	234.64	206.13
Share Of P/L Of Associates	2.56	12.61	17.79	14.42	9.20
Net P/L After M.I & Associates	194.10	300.21	298.14	249.06	215.33
Equity Share Capital	62.56	62.56	62.56	62.56	62.56
Reserves Excluding Revaluation Reserves	2,227.41	2,050.30	1,767.48	1,494.50	1,263.42
EPS BEFORE EXTRA ORDINARY					
Basic EPS	31.03	47.99	47.66	39.81	34.42
Diluted EPS	31.03	47.99	47.66	39.81	34.42
EPS AFTER EXTRA ORDINARY					
Basic EPS.	31.03	47.99	47.66	39.81	34.42
Diluted EPS.	31.03	47.99	47.66	39.81	34.42

Key Financial Ratios

KEY FINANCIAL RATIOS OF REPCO HOME FINANCE (in Rs. Cr.)	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
PER SHARE RATIOS					
Basic EPS (Rs.)	31.03	47.99	47.66	39.81	33.61
Diluted EPS (Rs.)	31.03	47.99	47.66	39.81	33.61
Cash EPS (Rs.)	32.68	48.05	46.88	38.31	32.62
Book Value [ExclRevalReserve]/Share (Rs.)	366.04	337.73	292.53	248.89	211.95
Book Value [InclRevalReserve]/Share (Rs.)	366.04	337.73	292.53	248.89	211.95
Revenue from Operations/Share (Rs.)	206.23	219.54	215.07	190.10	176.98
PBDIT/Share (Rs.)	153.82	193.42	191.51	173.40	153.35
PBIT/Share (Rs.)	151.76	191.34	189.44	172.60	152.85
PBT/Share (Rs.)	41.48	62.31	57.58	57.52	49.13
Net Profit/Share (Rs.)	30.62	45.97	44.81	37.51	32.13
NP After MI And SOA / Share (Rs.)	31.03	47.99	47.66	39.81	33.61
PROFITABILITY RATIOS					
PBDIT Margin (%)	74.58	88.09	89.04	91.21	86.64
PBIT Margin (%)	73.58	87.15	88.08	90.79	86.36
PBT Margin (%)	20.11	28.38	26.77	30.25	27.75
Net Profit Margin (%)	14.84	20.93	20.83	19.73	18.15
NP After MI And SOA Margin (%)	15.04	21.85	22.15	20.94	18.99
Return on Networth/Equity (%)	8.47	14.20	16.29	15.99	15.85
Return on Capital Employed (%)	40.90	55.06	46.25	43.24	10.06
Return on Assets (%)	1.61	2.41	2.47	2.26	2.15
Total Debt/Equity (X)	4.23	4.83	5.52	6.00	6.13
Asset Turnover Ratio (%)	0.11	11.05	11.17	10.82	11.35
LIQUIDITY RATIOS					
Current Ratio (X)	1.23	1.21	1.27	1.29	39.27
Quick Ratio (X)	1.23	1.21	1.27	1.29	39.27
Inventory Turnover Ratio (X)	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio (NP) (%)	8.05	5.20	0.00	6.64	7.16
Dividend Payout Ratio (CP) (%)	7.55	4.99	0.00	6.51	7.05
Earnings Retention Ratio (%)	91.95	94.80	0.00	93.36	92.84
Cash Earnings Retention Ratio (%)	92.45	95.01	0.00	93.49	92.95
COVERAGE RATIOS					
Interest Coverage Ratios (%)	1.39	1.48	1.44	1.50	1.47
Interest Coverage Ratios (Post Tax) (%)	1.39	1.48	1.44	1.50	1.47
VALUATION RATIOS					
Enterprise Value (Cr.)	10,187.90	11,850.36	10,518.84	12,203.62	11,525.44
EV/Net Operating Revenue (X)	7.90	8.63	7.82	10.26	10.41
EV/EBITDA (X)	10.59	9.79	8.78	11.25	12.01
MarketCap/Net Operating Revenue (X)	0.86	1.53	0.55	2.45	3.09
Retention Ratios (%)	91.94	94.79	0.00	93.35	92.83
Price/BV (X)	0.48	1.00	0.40	1.87	2.58
Price/Net Operating Revenue	0.86	1.53	0.55	2.45	3.09
Earnings Yield	0.18	0.14	0.41	0.09	0.06

Shareholding Pattern an on Dec'22



Summary

- ❖ With deliverance of robust performance in Q3 of FY'23, the Company's Net Sales grew up by 1.58% i.e. Rs.326.99 crs in Dec'22 versus Rs.321.89 crs in Dec'21. However, the Net Profits rose up by 139.26% i.e. Rs.83.17 crs in Dec'22 as compared to Rs.34.76 crs in Dec'21.
- ❖ As per healthy performance and fine financials, the Company is available at a fair price of Rs.189.60 with its 52 week low at Rs.113.35 and 52 week high at Rs.277.60.
- ❖ Viewing that the Promoters are holding majority stake around 37.13% as well as its sound valuations, indicates that the Management is growth oriented.
- ❖ In Public Shareholding as on Dec'22, the FIIs and the Other DIIs collectively held 18.53% stake. Whilst, the Mutual Fund Houses own 14.53% holdings in the Company.
- ❖ Repco Home Finance Ltd. is held by HDFC MF, ABSL MF, DSP MF & a few more.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 8.47% & 40.90% respectively as on Mar'22.
- ❖ Repco Home Finance Ltd. is a dividend paying stock. For the year ending Mar'22, the Company has declared an equity dividend of 25.00% i.e. Rs.2.50 per equity share. Having a good dividend track report, Repco Home Finance Ltd. has consistently declared dividends for the last 5 years.

Disclosure

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