

REPCO HOME FINANCE LIMITED
(Promoted by REPCO BANK - Govt. of India Enterprise)



Earnings Presentation May 2013



www.repcohome.com

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Q4 and FY'13 Performance

Business summary

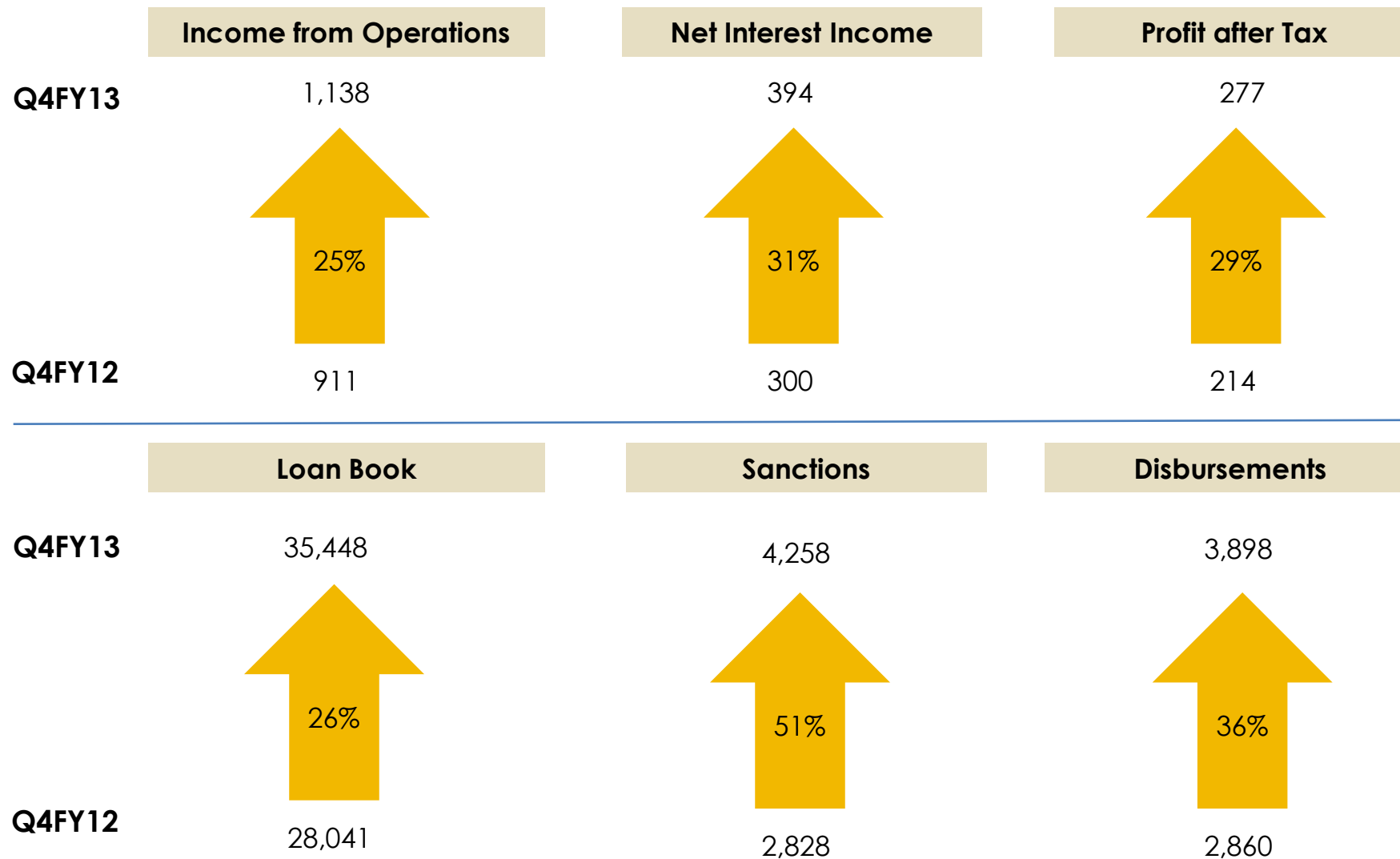
◆ Loans outstanding (March 31, 2013)	Rs 35,448 million
◆ Loan book CAGR (4 year)	38%
◆ Total income CAGR (4 year)	38%
◆ Profit after taxes CAGR (4 year)	31%
◆ Capital adequacy ratio	25.50%
◆ Networth (March 31, 2013)	Rs 6,233 million
◆ Cost to total Income ratio	5.99%
◆ Gross NPA (%) (March 31, 2013)	1.48%
◆ Net NPA (%) (March 31, 2013)	0.99%

FY13 highlights: Building a strong foundation

- ◆ Profit after taxes grew by 30% Y-o-Y
- ◆ Loan book grew by 26% Y-o-Y
- ◆ Continued thrust on non salaried segment constituting 53.1% of the loan book
- ◆ Individual Home Loans accounted for 85.1% of the portfolio while loan against property accounted for the remaining
- ◆ No exposure to builders. 100% retail portfolio
- ◆ Entered the state of West Bengal in FY13

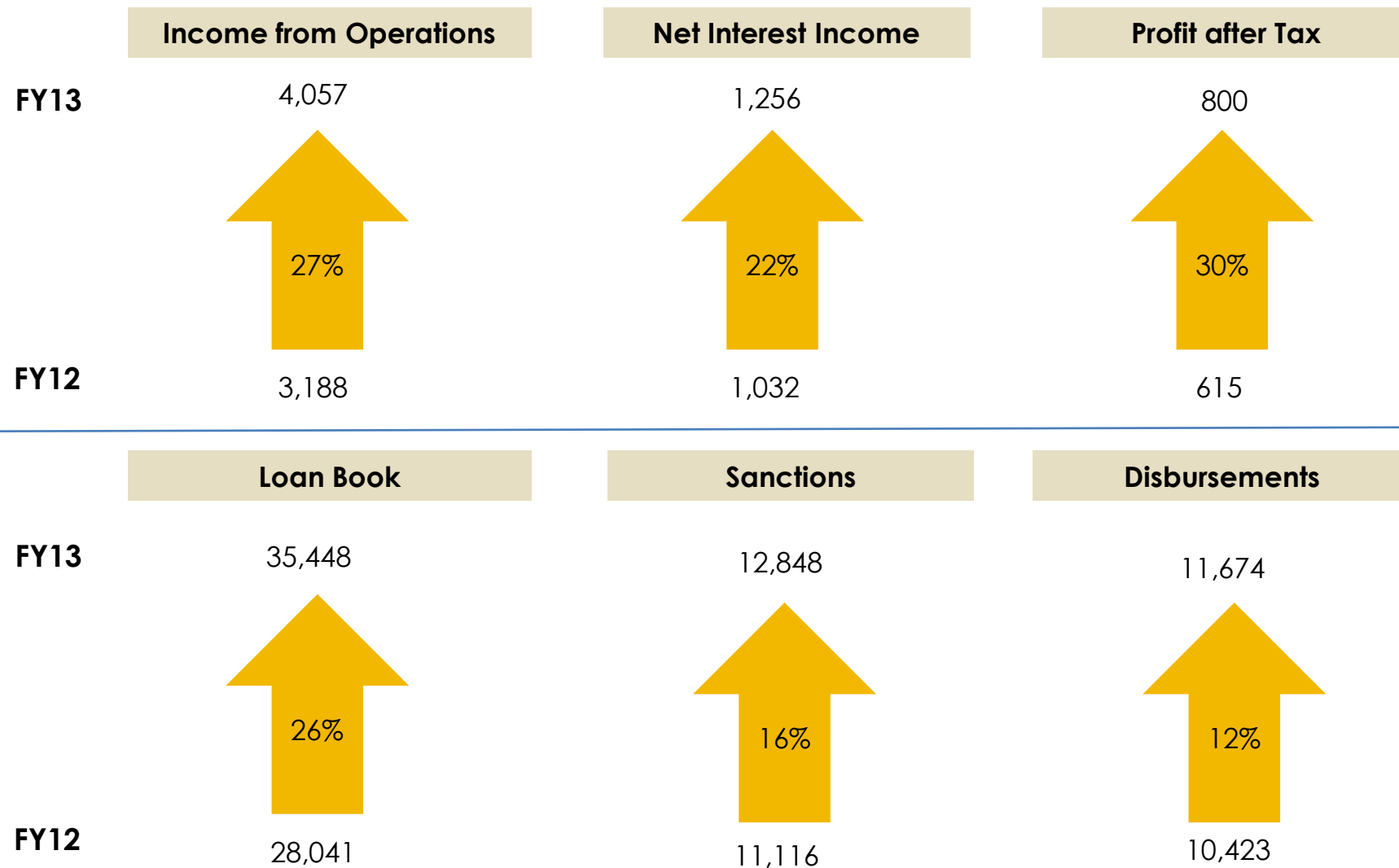
Robust growth in Q4FY13

Figures in Rs million



Sustained strong performance in FY13

Figures in Rs million



- ◆ Raised Rs 2,700 million through issue of 15.72 million shares at a price of Rs 172 per share
- ◆ Strong interest from long-term institutional investors including mutual funds and FIIs
- ◆ QIB portion oversubscribed 3.39 times
- ◆ Raised Rs 401 million from anchor investors: Goldman Sachs India Fund, Reliance Banking Fund, Nomura India Investment Fund Mother Fund and Franklin India Prima Fund

This year has been a landmark year for us as we had a successful IPO which saw a good response from institutional buyers. We are now strongly positioned for growth, with a capital adequacy of 25.5%.

Our financial results were excellent, we grew operating income by 27.3% and PAT by 30.1% during FY13. We also expanded our loan book by 26.4% YoY.

Given our strong presence in South India, predominantly in the underpenetrated tier 2 and tier 3 cities, and our competitive strengths, we are confident of deepening our presence in the existing markets and also expand to newer markets. At the same time, our business strategy would be to further improve our NIMs and operating efficiency, translating into returns to our investors and shareholders.

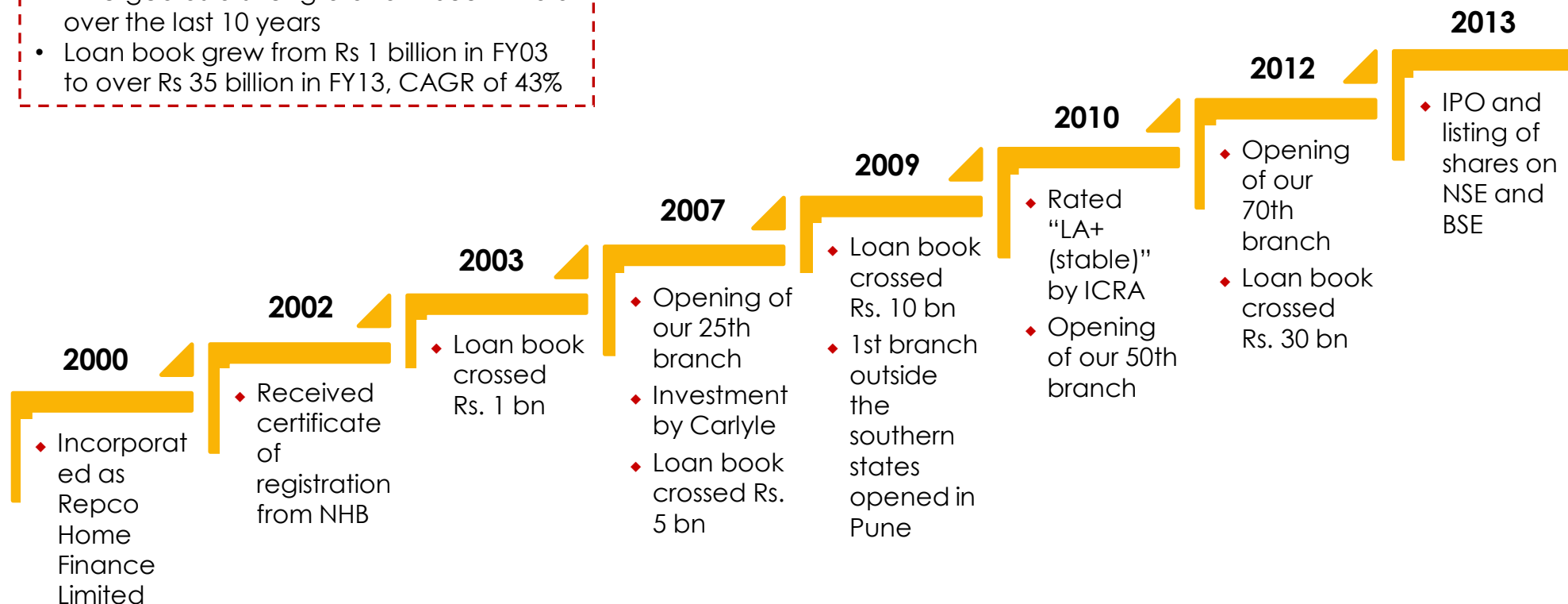
Mr. R. Varadarajan
Managing Director

Business Overview

- ◆ Promoted in April 2000 by Repco Bank, Repco Home Finance is a professionally managed housing finance company (HFC)
- ◆ Significant focus on providing Individual Home Loans and Loan Against Property to segments underserved by larger HFCs & banks
 - ▶ Target segment comprises of self employed professionals and self employed non-professionals
 - ▶ Loans to salaried and non-salaried borrowers constitute 46.9% and 53.1 % of loan book as on March 31, 2013
- ◆ Network of 73 branches & 19 satellite centres
 - ▶ Two-thirds of the branches and satellite centres located in tier 2 cities and tier 3 cities, and at the peripheries of tier 1 cities
- ◆ “Repco” well recognised brand in south India – Leveraging the brand in other states

Key milestones

- Emerged as a strong brand in South India over the last 10 years
- Loan book grew from Rs 1 billion in FY03 to over Rs 35 billion in FY13, CAGR of 43%



Target underpenetrated markets and segments

- Focus on financing self employed segment in tier 2 and tier 3 cities and peripheral areas of tier 1 cities
- Two-thirds of the branches and satellite centres located in these areas
- Successfully penetrated under served non-salaried segment

Direct marketing and customer contact

- Marketing strategy is largely focused on direct marketing and localized advertising
- Branch offices serve as a single point of contact for customers
- Direct customer contact leads to increased efficiency, faster turnaround times and lower operational costs

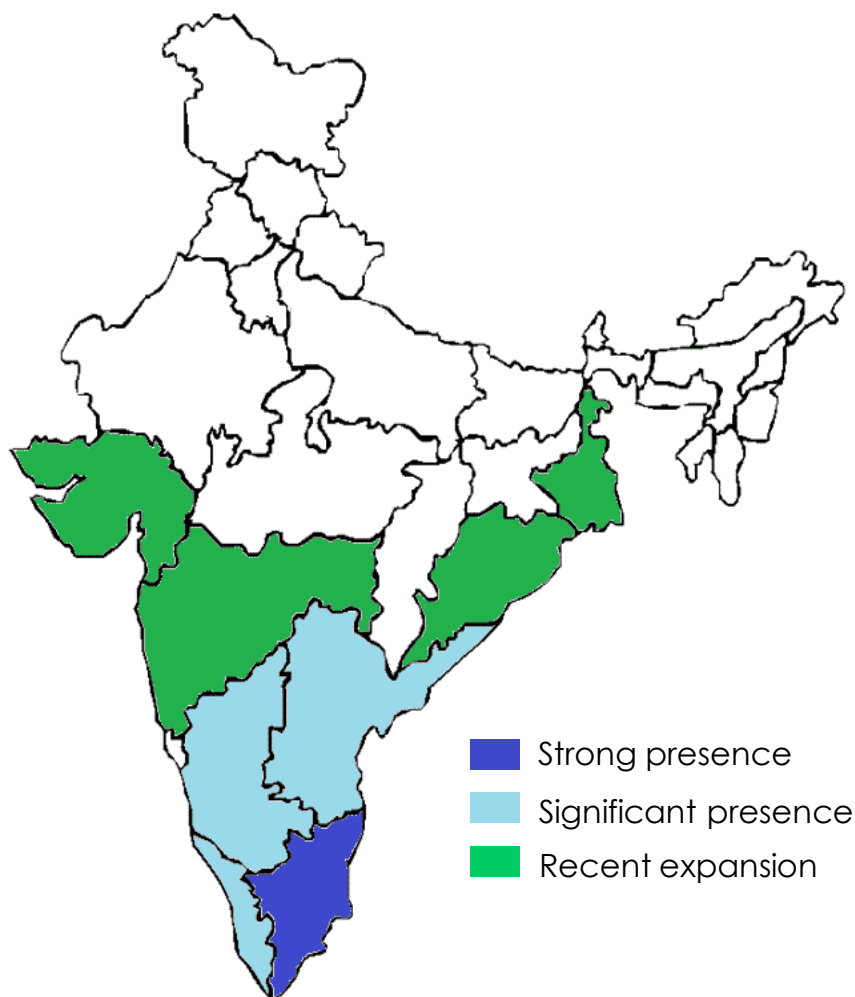
Strong brand recognition in South India

- Promoter, Repco Bank, is operating in Southern India since 1969
- 83 branches and satellite centres (~90%) of Repco Home are located in Southern India
- Expanding footprint by selectively setting-up new branches in the states of Maharashtra, Gujarat, Odisha and West Bengal

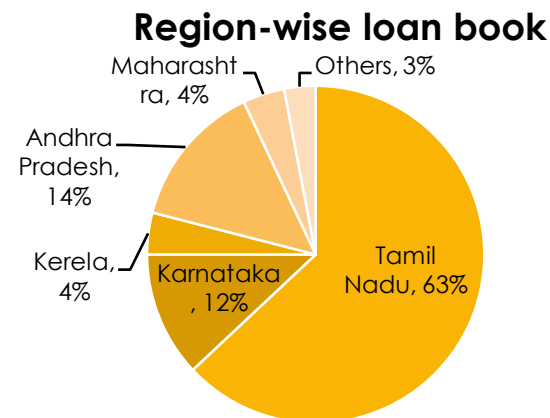
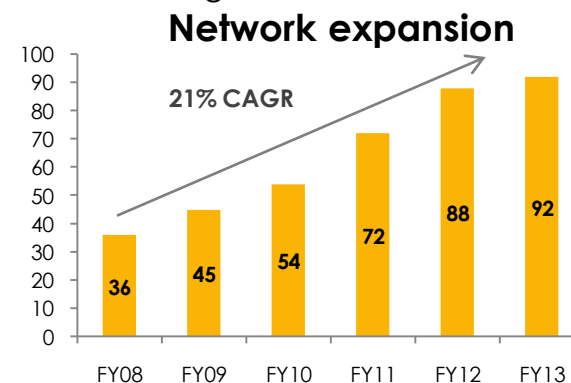
Robust risk management systems and processes

- Robust risk management processes ensuring good asset quality
- Conservation lending metrics: LTV 65% and IRR 50%
- Total loans written off since inception: Rs 39 million representing only 0.08% of total disbursements

Strong base in South India; expanding footprint

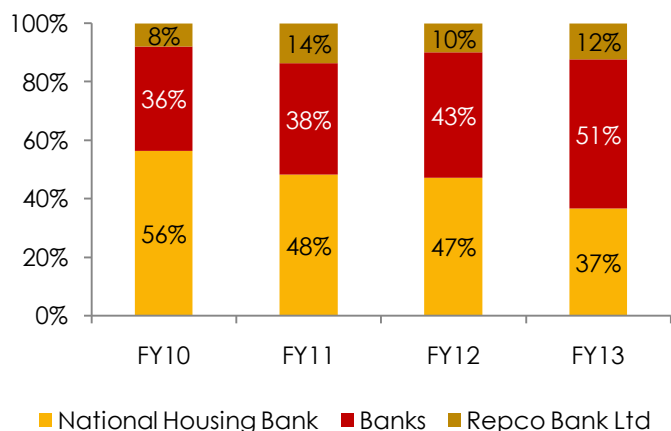


- ♦ 73 branches and 19 satellite centres
- ♦ Focus on under penetrated markets with two third branches in tier-II & tier-III cities
- ♦ Expansion beyond South: opened new branches in Maharashtra in FY10, Gujarat and Odisha in FY12 and West Bengal in FY13



Source of borrowings and average ticket size

Sources of borrowing

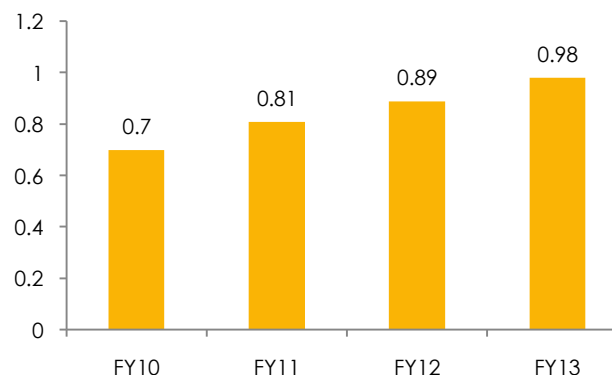


- ◆ Post the IPO, RHFL is focusing on diversifying sources of funding and tap into alternative sources (fixed deposits, multi-lateral agencies and rated listed debt instruments) to strengthen balance sheet and optimize funding costs

Credit Rating

Term loan: A+ with a stable outlook from ICRA

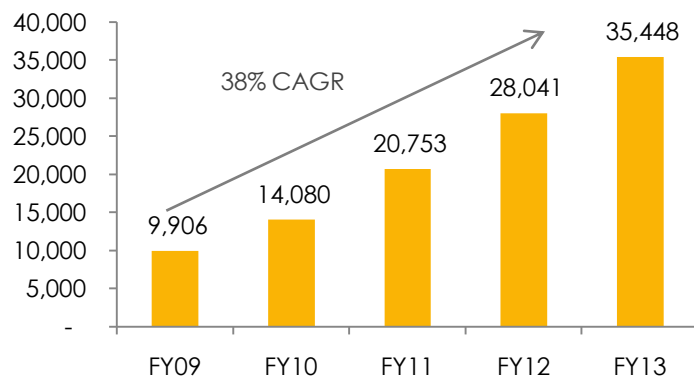
Average loan size (Rs million)



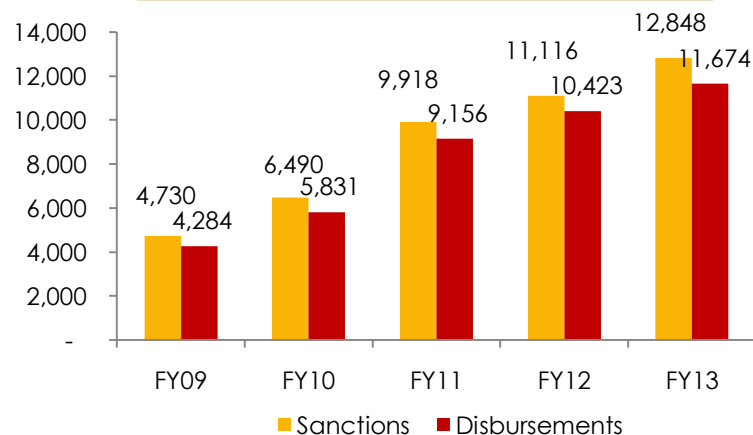
Strong loan book growth with healthy customer mix

Figures in Rs million

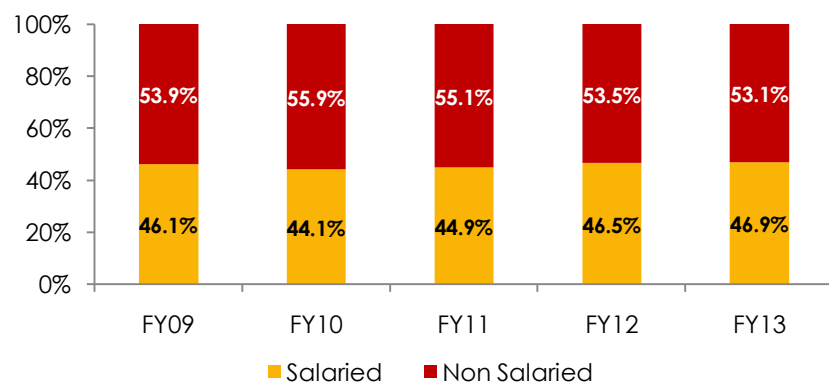
Loan book



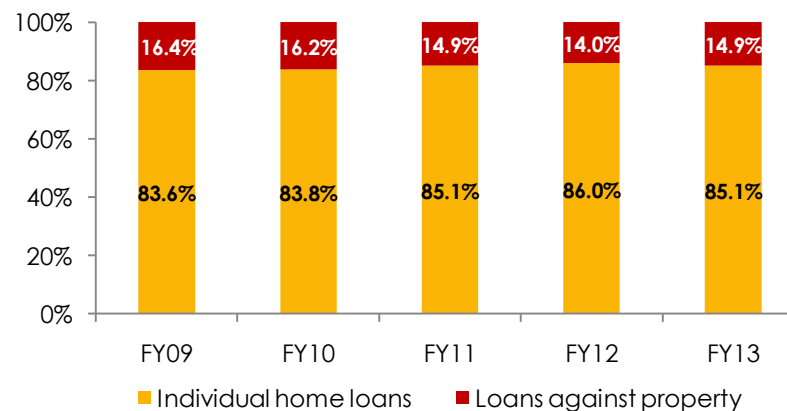
Sanctions and disbursements



Loan book composition



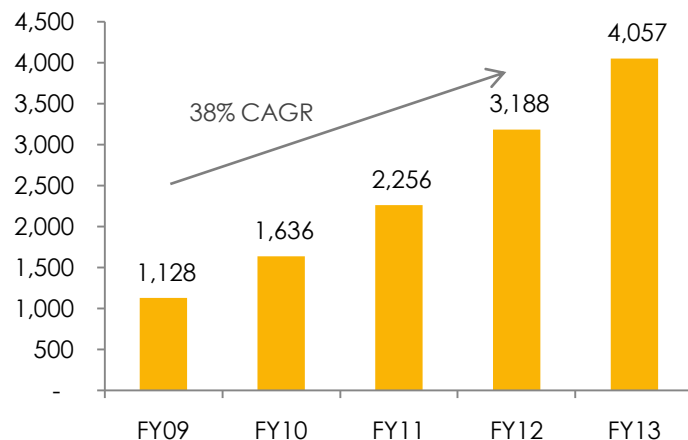
Mix of loan portfolio



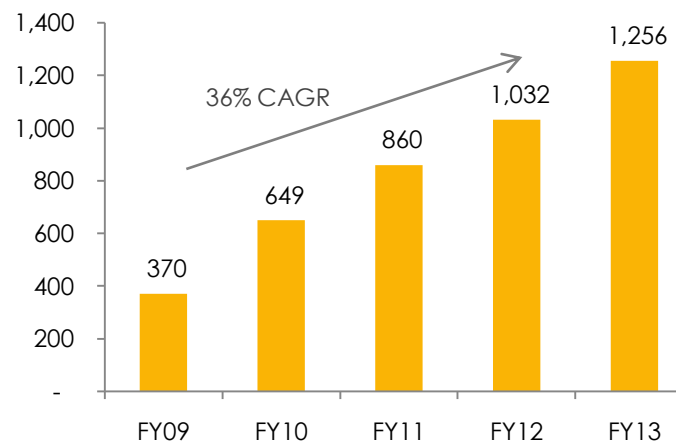
Driving robust income and earnings growth

Figures in Rs million

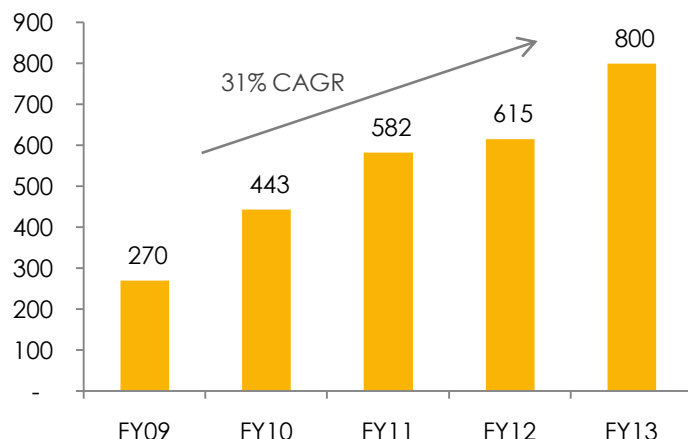
Income from operations



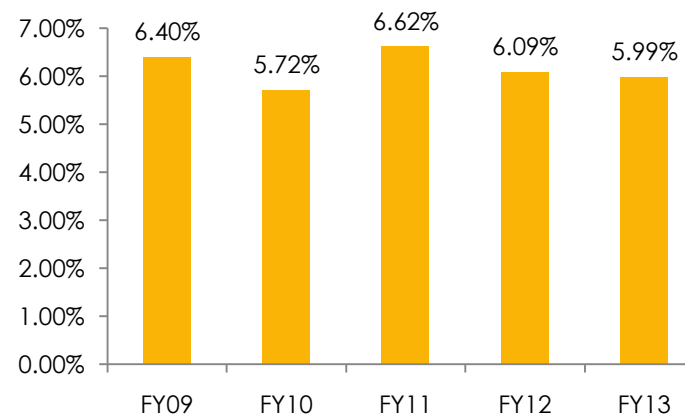
Net interest income



Net profit



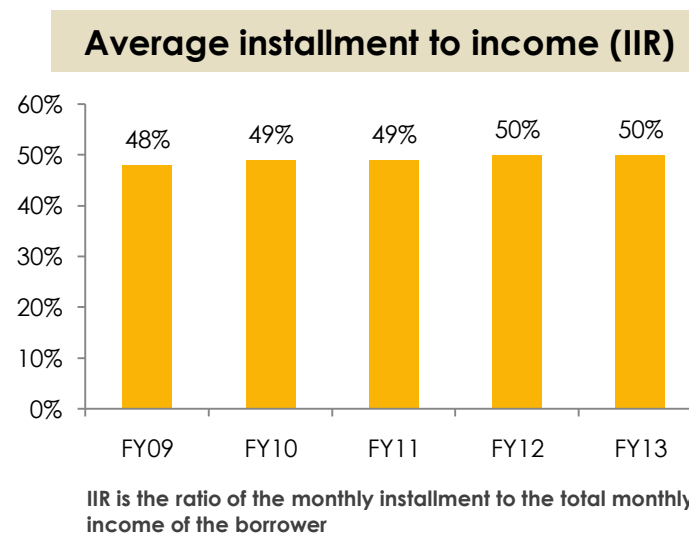
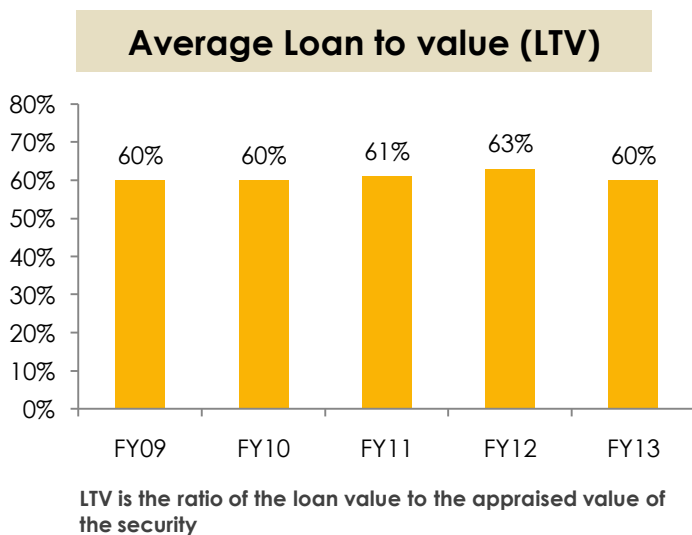
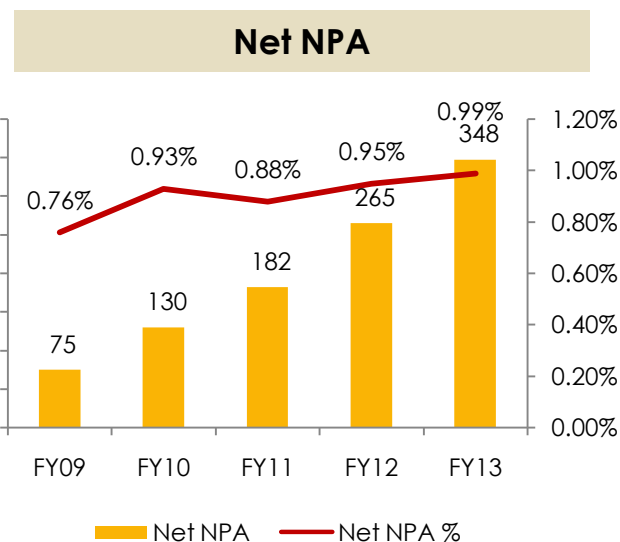
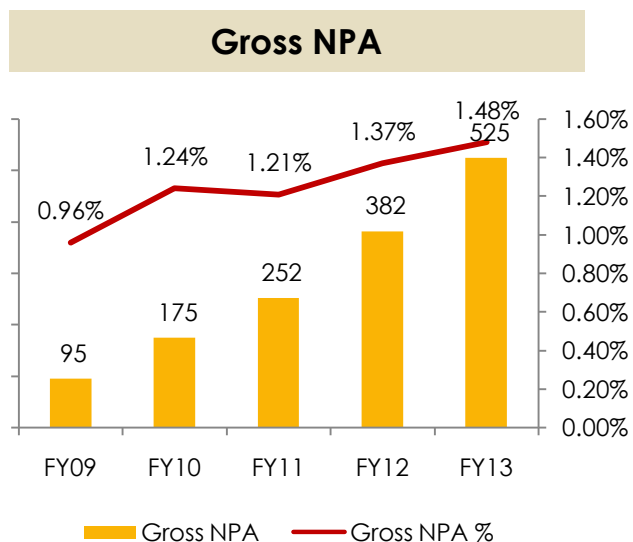
Operating cost-to-income ratio



Cost to Income calculated as Operating Expenses (including depreciation) / (Revenue from operations+ Other Income)

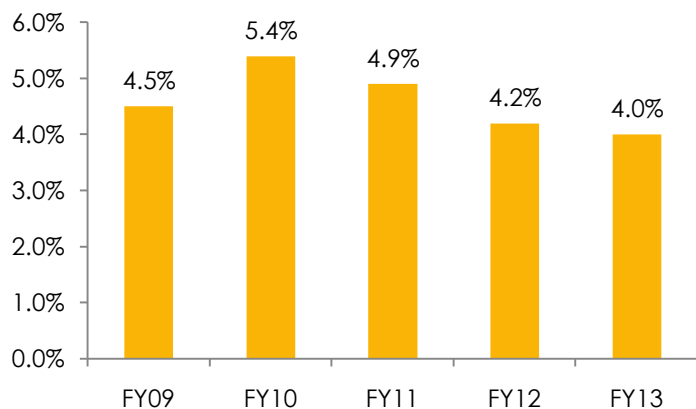
Conservative lending and steady asset quality

Figures in Rs million

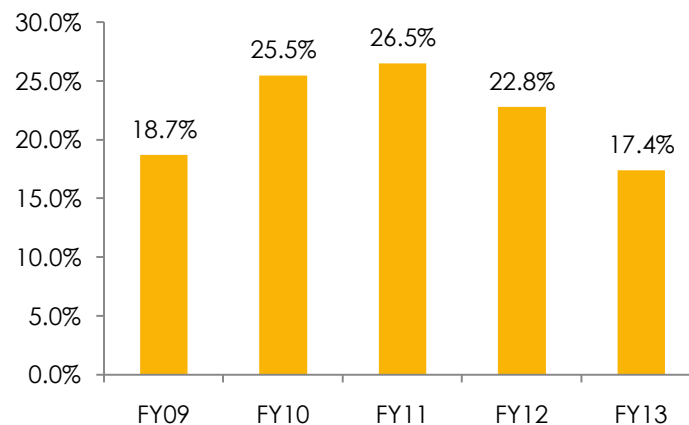


Leading to healthy margins and returns

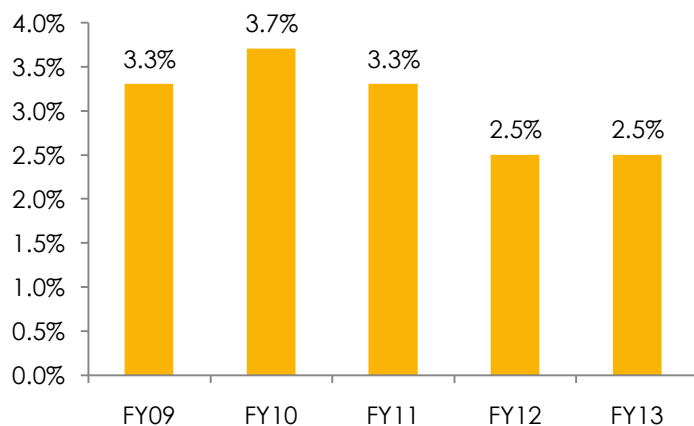
Net interest margins



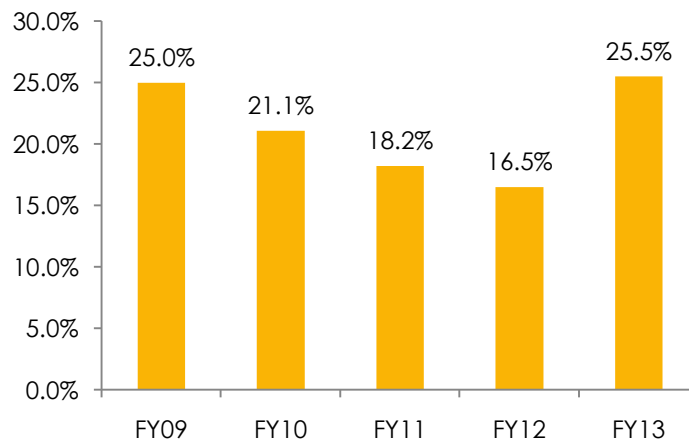
Return on average network



Return on assets

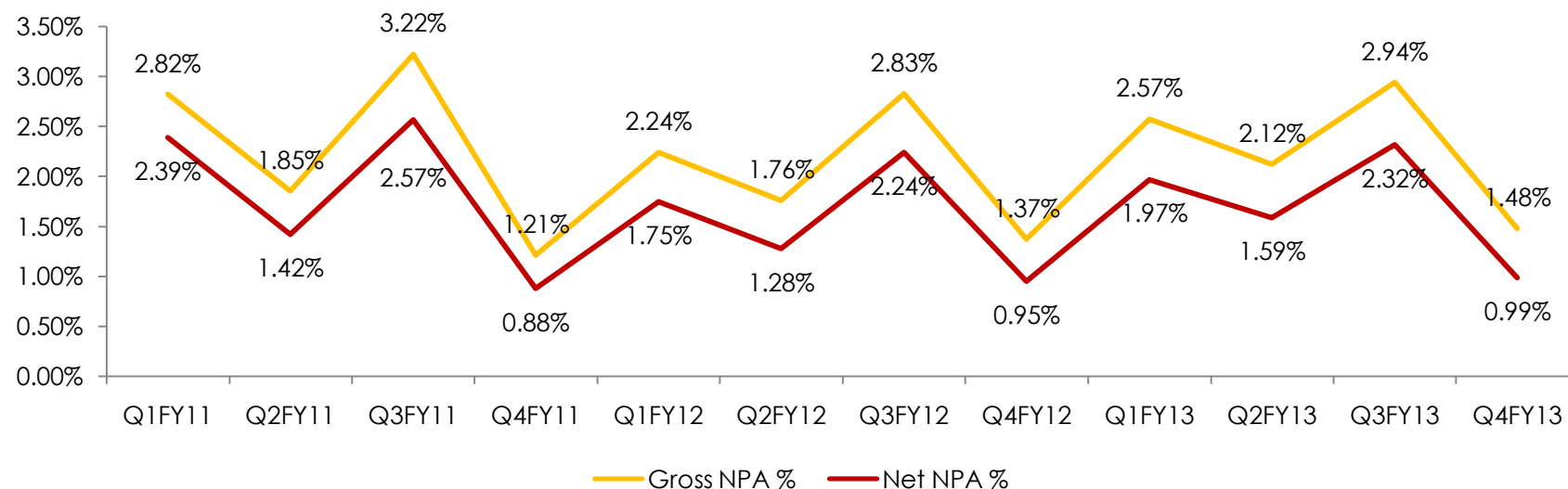


CRAR



CRAR well above regulatory requirement of 12% consisting entirely of Tier 1 capital

Business model lends itself to seasonal variation in NPA



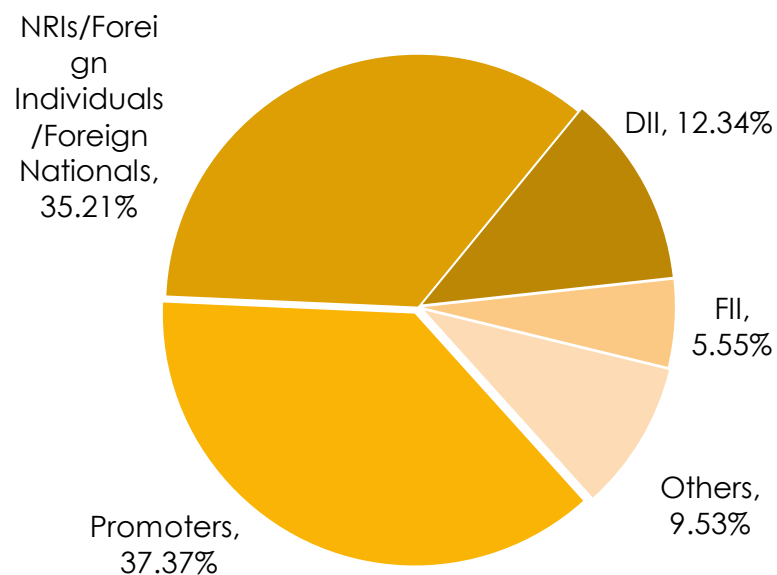
- ◆ Income profile of the non-salaried segment tends to be lumpy leading to significant variability in NPA profile quarter to quarter
- ◆ Variability in NPA profile not representative of asset quality given conservative underwriting policies of the Company

Total loans written off since inception Rs 39 million, i.e. 0.08% of total disbursements for the same period

Annexure

Shareholding pattern

As on March 31, 2013
Outstanding shares – 62.16 million



Major Non-Promoter Shareholders	% shareholding
Carlyle (First Carlyle Growth VI)	17.74
WCP Holdings III	9.96
Creador I, LLC	7.46
SBI Emerging Business Fund	3.74
Merrill Lynch Capital Markets	2.67
Citigroup Global Markets	1.95
Bajaj Allianz Life Insurance	1.77
SBI Magnum Balanced Fund	1.43

Q4'FY13 and FY13: Profit and loss statement

(Rs million)	Q4FY13	Q4FY12	YoY (%)	FY13	FY12	YoY (%)
<u>Income:</u>						
Revenue from operations	1,138	911	24.9%	4,057	3,188	27.3%
Other Income	2	-		3	1	
Total Income	1,140	911	25.1%	4,060	3,189	27.3%
<u>Expenses:</u>						
Interest and other Financial Charges	700	571	22.6%	2,657	2,023	31.3%
Employee benefit expense	52	40	30.0%	141	105	34.3%
Depreciation and amortization expense	6	6	0.0%	15	16	-6.3%
Other expenses	30	25	20.0%	87	73	19.2%
Provision for Non-Performing Assets	(33)	(39)	-15.4%	59	48	22.9%
Provision for Standard Assets	14	18	-22.2%	31	107	-71.0%
Provision for Diminution in Value of Investment	-	-		-	-	
Bad-Debts Written Off	2	NIL		2	NIL	
Total Expenses	771	621	24.2%	2,992	2,372	26.1%
Profit before tax	369	290	27.2%	1,067	817	30.7%
Tax expense:						
Current tax	91	68	33.8%	300	254	18.1%
Deferred tax	1	8		(33)	(52)	
Net Profit/(Loss)	277	214	29.4%	800	615	30.2%

Balance sheet

(Rs million)	As on March 31, 2013	As on March 31, 2012
EQUITY AND LIABILITIES:		
Shareholder's Funds	6,346	3,032
Share Capital	622	464
Reserves and Surplus	5,724	2,568
Non-Current Liabilities	22,107	17,948
Long-term borrowings	21,772	17,702
Long term provisions	335	246
Current Liabilities	9,472	7,546
Short-term borrowings	3,945	2,405
Other current liabilities	5,415	5,061
Short-term provisions	112	80
Total	37,925	28,526
ASSETS:		
Non-current assets	33,443	26,483
Fixed assets		
Tangible assets	44	32
Intangible assets	1	2
Non-current investments	81	81
Deferred tax assets (net)	112	79
Long term loans and advances	33,205	26,289
Current assets	4,482	2,043
Current Investment	-	-
Cash and Bank Balances	2,101	175
Short-term loans and advances	2,295	1,799
Other current assets	86	69
Total	37,925	28,526

Key metrics

Particulars	Units	FY09	FY10	FY11	FY12	FY13	Q4FY12	Q4FY13
Outstanding Loan Book	Rs mn	9,906	14,080	20,753	28,041	35,448	35,448	28,041
Sanctions	Rs mn	4,730	6,490	9,918	11,116	12,848	2,828	4,258
Disbursements	Rs mn	4,284	5,831	9,156	10,423	11,674	2,860	3,898
Income from Operations	Rs mn	1,128	1,636	2,256	3,188	4,057	911	1,138
Net Interest Income	Rs mn	370	649	860	1,032	1,256	300	394
PAT	Rs mn	270	443	582	615	800	214	277
Networth	Rs mn	1,550	1,931	2,450	2,953	6,233	2,953	6,233
Debt	Rs mn	8,493	12,577	18,098	24,860	30,647	24,860	30,647
<u>Loan Book Composition:</u>								
Salaried	%	46.13	44.12	44.94	46.50	46.91	46.50	46.91
Non-Salaried	%	53.87	55.88	55.06	53.50	53.09	53.50	53.09
NIM	%	4.50	5.41	4.94	4.23	3.95	4.23	3.95
Gross NPA	%	0.96	1.24	1.21	1.37	1.48	1.37	1.48
Net NPA	%	0.76	0.93	0.88	0.95	0.99	0.95	0.99
ROA	%	3.28	3.7	3.34	2.52	2.52	2.52	2.52
ROANW	%	18.70	25.48	26.55	22.75	17.42	22.75	17.42
CRAR	%	25.00	21.1	18.2	16.5	25.5	16.5	25.5

** Annualized figures*

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