A Study On Financial Performance Of Repco Home Finance Bank

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Abstract: Finance is the set of activities dealing with the management of funds. It is the also the science and art of determining if the funds of an organization are being used properly. With the ongoing shifts and emerging trends in the Indian banking industry, assessing the performance of financial institutions has become increasingly important. Repco Home Finance Limited (RHFL) has consistently worked towards fulfilling the dream of home ownership by offering financial support that is tailored to the specific needs of individuals, delivered with transparency and integrity. A thorough financial analysis, highlighting both strengths and weaknesses through various performance indicators, can offer useful insights for stakeholders such as company leadership, investors, and the general public. To thrive in a competitive environment, it is essential for RHFL to manage its financial resources efficiently—ensuring sound risk management, access to affordable and diverse funding sources, and minimal operational expenses. This study is therefore undertaken to examine the financial health and performance of Repco Home Finance Limited in light of current industry developments.

Keywords: Bank, Finance, Equity, Capital and Analysis

I. INTRODUCTION

Finance is defined as the provision of money at the time when it is required. Every enterprise, whether big, medium, or small needs finance to carry on its operations and to achieve its targets. So, it is rightly said to be the lifeblood of an enterprise.

Financial Management is the planning for the future of a person or a business enterprise a positive cash flow including the administration and maintenance of financial assets.

Financial system intermediate between the flow of funds belonging to those who save a part of their income and those who invest in productive assets.

II. INTRODUCTION OF BANK

A financial institution licensed to receive deposits and make loans. Banks may also provide financial services such as wealth management, currency exchange, and safe deposit boxes.

A bank is a financial institutional and financial intermediary that accepts and channelize accepted deposits and either directly by loaning or indirectly through capital market.

III. NATIONALIZATION OF BANKS

Nationalization refers to the transfer of public sector assets to be to be operated or owned by the state or central government. In India, the banks which were previously functioning under private sector were transferred to the public sector by the act of nationalism and thus the nationalized banks came into existence. The history of banking in India states that the post-independence, the government of India initiated various measures to play an active role in the economic development of the nation which resulted in the establishment of the reserve bank of India in April 1935 and later nationalism the same during 1949 under the terms of the reserve bank of India act 1948 and another measure is the nationalism of banks in India. Post-Independence, the Indian

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government adopted a planned economic development for the betterment of the country.

STATEMENT OF THE PROBLEM

Recent changes in trends happening in Indian banking industry have made the performance and evaluation of banks lot more significant. The mission of Repco home finance limited has been to translate into reality the aspirations of people to own a house by catering the market existing and potential comprehensively through institutional credit support customized to suit individual needs in transparent and ethical way. Financial analysis an identification of their weakness and strength using financial performance indicators can contribute to management, shareholders, the public as a whole. The bank has to plan and deploy its financial sources effectively house on risk management, accessibly low cost and diversified sources of hands and maintaining low operating costs. Hence, an attempt has been made to study financial performance of Repco Home Finance

SCOPE OF THE STUDY

The study is aimed at analyzing the performance of the bank on various financial aspects. It includes the analysis of the financial statements of Repco Bank of on the whole. The study analysis and interprets financial statement through various ratios.

OBJECTIVES OF THE STUDY

The following are objectives of the study
- ✓ To analyze and compare the sources of funds of Repco Bank.
- ✓ To examine the deployments of funds of Repco Bank.
- ✓ To analyze liquidity position of Repco Bank.
- ✓ To evaluate the profitability of the bank.
- ✓ To offer suggestions for the better management of funds.

PERIOD OF THE STUDY

This study covers a period of five year 2019-2020 to 2023-2024.

IV. RESEARCH METHODOLOGY

Case study method has been followed for the study. Case study is a research method involving an up-close, in depth, and delayed examination of a subject of study, as well as its related contextual conditions. The financial statements of Repco Home Finance Bank have been analyzed in this study.

DATA COLLECTION

The data require for the study has been collected from secondary source. The relevant information was taken from annual reports of the bank, magazines established by the bank journal and internet. This study is based on annual reports of Repco Bank. To have a meaningful analysis and interpretation of various data collected and ratio analysis have been used.

LIMITATIONS OF THE STUDY

The followings are limitations of the study.
- ✓ The study is limited to Repco Bank.
- ✓ The study is limited only to five years from 2019-2020 to 2023-2024. The data of this study has been collected from published annual reports and internet.
- ✓ The study considers only financial data of Repco Bank and does not include qualitative factors.

V. REVIEW OF LITERATURE

A literature familiarizes the researcher with concepts and conclusion already evolved by earlier analysis. It also enables the present research to find out the scope for further study and to frame appropriate objectives for the proposed evaluation. Since the as the study is to measure the study on financial performance analysis at Repco Home finance limited. The previous studies in the area researches are briefly reviewed. It also includes the opinion expressed by various authors in leading articles, journals, books etc.

Collis and Jarvis (2002) then states that this may indicate that small companies experience problems in gaining access to appropriate benchmarks, but could also be the results of competitors filling abbreviated accounts which reduces the amount of information available for calculating ratio and making comparison. In addition, as many small companies operate in the service sector, they occupy niche markets and may be less concerned with competition than those in other markets.

Vashisht (2004) studied recent global developments, which has transformed the environment in which commercial banks operate. Globalization has expanded economic interdependence and interaction of countries greatly. Under the regime of globalized environment, the financial performance of the commercial banks has changed and the commercial banks will face new change and also new opportunities in the coming years.

ManishMittalan Arunna Dhademade (2005) they found that higher profitability is the only major parameter for evaluating for evaluating banking sector performance from the shareholder's point of view. It is for the banks to strike a balance between commercial and social objectives. They found that public sector banks are less profitable than private sector banks. Foreign banks top the list in terms of net profitability. Private sector banks earn higher non-interest income than public sector banks, because these banks offer more and more fee-based services to business houses or corporate sector. Thus, there is urgent need for public sector banks to provide such services to stand in competition with private sector banks.

Nair (2006) discusses the future challenges of technology in banking in banking. The author also points out how It poses a bright future in rural banking. But is neglected as it is traditionally considering in the rural segment. A successful bank has to be nimble and agile enough to respond to the new market paradigm and inefficiently controlling risks. Innovation will be the key extending the banking services to the untapped vast potential at the bottom of the pyramid.

Shroff FT (2007) in his paper, Modern Banking Technology, - Bank net publications has given a summary of how Indian banking system has evolved over the year. The paper discusses some issues face by these systems. The author also gives examples of comparable banking system for other countries and the lesson learnt. Indian banking is at the threshold of the paradigm shift. The application of technology and product innovations is bringing about structure change in the Indian banking system.

Kumar (2012) has given a definition to camel rating system, according to him it is a mean to categorize bank has based on the overall health, financial SBI and its associates for checking the performance and concludes that State Bank of India is always in the lead than its associates in every aspect of camel.

Thakar Shibhai Chirag Loriya (2014) concluded that it attempts to analyze profitability of selected public and private sector banks in India. This study which looks into three key factors which affect the profitability analysis of Indian banking sector using mean, standard deviation and ANOVA model.

Movalia P. Nilesh & et.al (2014) concluded that public sector banks are quite good compared to private sector banks in the area of profitability debt equity, earning per share found that price earning ration of private sector banks is high compare to public sector banks.

VI. PROFILE OF REPCO HOME FINANCE BANK

Repatriates cooperative Finance and development Bank limited. It was registered on November 19 1969, as a cooperative society under the relevant provisions of the Madras Cooperative societies Act, 1961, with jurisdiction over the State of Tamil Nadu, Andhra Pradesh, Karnataka, Kerala and the union territory of Puducherry, to promote rehabilitation activities for repatriates from neighboring countries, mainly from Sri Lanka and Burma. Though Originally registered under the Madras Cooperative Societies Act, of 1961, the bank is deemed to be registered under the multi-state Cooperative Societies Act 2002.

REPCO BANK

Type	: Cooperative Bank
Traded as	: REPCOHOME.NS
Industry	: Home Finance Banking
Founded	: April 4, 2000
Headquarters	: T. Nagar, Chennai, India.
Key People	: Kuppuswamy Swaminathan (MD & CEO)
Products	: Cumulative Deposits

Jewel Loan
Loan against property
Non-Cumulative Deposit
Repco digi Pay

Revenue	: 191.71 crores (2024)
Operating Income	: 140.03 Crores (2024)
Net Income	: 115.71 Crores (2024)
Total Assets	: 152.85 Crores (2024)
Owner	: National Housing bank
Number of employees	: 1,087 (2024)

Subsidiaries: Repco Micro Finance Limited
Repco Foundation for Micro credit

Capital ratio	: 34%
Website	: http:/www.repcohome.com

VII. DATA ANALYSIS AND INTERPRETATION

Presentation of financial statement is an important part of accounting process. To provide more meaningful information to enable the owners, investors, creditors or users of financial statements to evaluate the operational efficiency of the concern during the particular period. More useful information required from the financial statements to make purposeful decisions about the profitability and financial soundness of the concern. To fulfill these needs it is essential to consider analysis and interpretation of financial statements.

VIII. MEANING OF ANALYSIS AND INTERPRETATION

Metcalf and Tigard (1962), defined financial statement analysis and interpretations as a process of evaluating the relationship between components parts of a financial statement to obtain better understanding of a firm's position and

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performance. The facts and figures in the financial through a process called analysis and interpretation.

(Rs. In Crores)

Year	Current assets	Current liabilities	Ratio
2019-2020	11,944.15	9,475.07	1.27
2020-2021	12,325.03	10,245.76	1.20
2021-2022	11,943.42	9,730.43	1.22
2023-2023	12,464.29	9,964.48	1.25
2023-2024	13,594.38	10,769.66	1.27

Source: Annual report of Repco Home Finance Bank
Table 1: Current Ratio

INTERPRETATION

The bank's current ratios over the past five years indicate a stable liquidity position, with ratios ranging from 1.20 times to 1.27 times. These figures suggest that the bank has consistently maintained sufficient current assets to cover its current liabilities, ensuring it can meet short-term obligations.
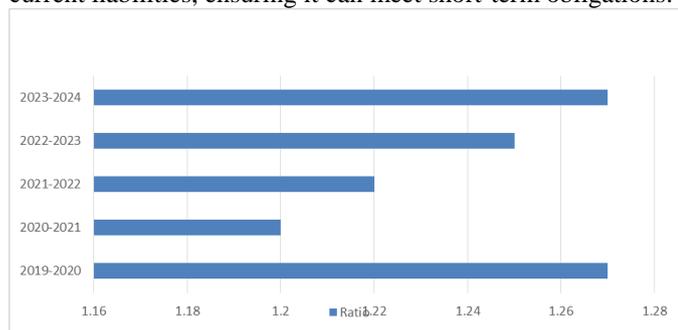

Chart 1: Current Ratio

(Rs In Crores)

Year	Current Liabilities	Total Assets	Ratio
2019-2020	9,475.07	11,993.93	0.79
2020-2021	10,245.76	12,365.94	0.82
2021-2022	9,730.43	11,997.04	0.81
2022-2023	9,964.48	12,523.43	0.79
2023-2024	10,769.66	14,705.26	0.78

Source: Annual report of Repco Home Finance Bank
Table 2: Debt Ratio

INTERPRETATION

The above table shows the debt ratio indicate a slight increase in the ratio from 0.79 in 2019-2020 to 0.82 in 2020-2021, followed by a decrease back to 0.78 in 2023-2024. A ratio above 0.5 suggests that more than half of the bank's assets are financed by debt, indicating a higher degree of financial leverage. The bank's debt-to-total-assets ratios over the past five years suggest a moderate level of financial leverage, with a slight increase in 2020-2021 followed by a decrease in subsequent years.
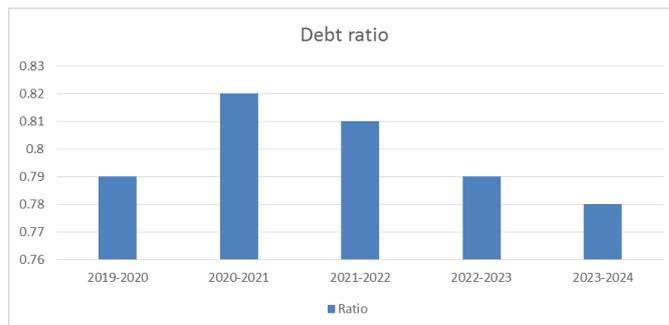

Chart 2: Debt ratio

(Rs In Crores)

Year	Borrowings	Total Assets	Ratio
2019-2020	10,109.04	11,993.93	84.2
2020-2021	10,197.39	12,365.94	82.4
2021-2022	9,691.99	11,997.04	81
2022-2023	9,924.08	12,523.43	79.2
2023-2024	10,701.04	13,705.26	78.0

Source: Annual report of Repco Home Finance Bank
Table 3: Borrowings to Total assets

INTERPRETATION

The ratio of borrowings to total assets indicate a gradual decrease in the debt-to-equity ratio from 84.2% in 2019-2020 to 78% in 2023-2024. A ratio above 50% suggests that more than half of the bank's assets are financed by debt, indicating a higher degree of financial leverage. While the ratios indicate that a significant portion of the bank's assets is financed by debt, they do not suggest an excessively high level of financial risk.
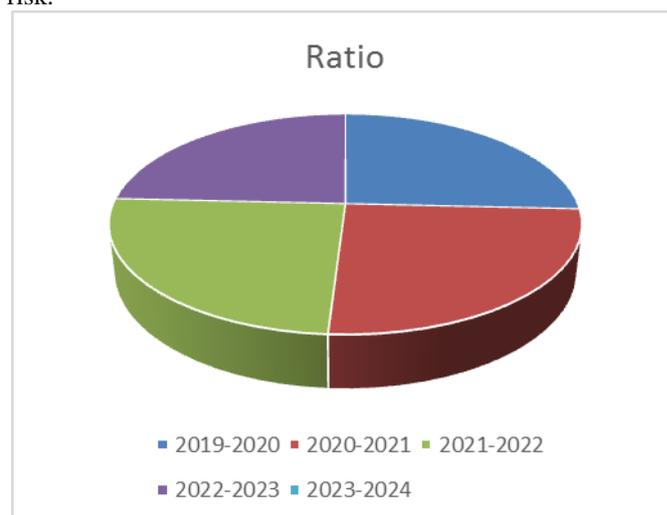

Chart 3: Borrowings to Total Assets

(Rs In Crores)

Year	Shareholders Fund	Total Tangible Assets	Ratio
2019-2020	1,786.87	34.92	51.17
2020-2021	2,059.29	29.75	69.21
2021-2022	2,235.60	30.46	73.39
2022-2023	2,516.17	35.97	70.54

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| 2023-2024 | 2,893.95 | 46.54 | 62.18 |

Source: Annual report of Repco Home Finance Bank
Table 4: Proprietary ratio

INTERPRETATION

The relationship between shareholders' funds and total tangible assets indicate an increase in the proprietary ratio from 51.17% in 2019-2020 to 73.39% in 2021-2022, followed by a slight decrease to 62.18% in 2023-2024. A proprietary ratio above 50% suggests that more than half of the bank's assets are financed by equity, indicating a lower reliance on debt financing and a stronger financial position. The slight decrease in the ratio in recent years may indicate a modest increase in debt financing, but the overall trend remains favorable.
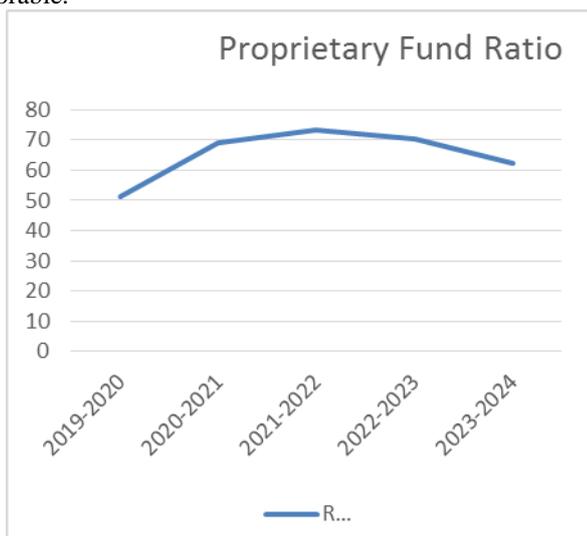

Chart 4: Proprietary Fund Ratio

(Rs In Crores)

Year	Net Profit	Total Revenue	Ratio
2019-2020	280.35	1,351.10	21
2020-2021	287.60	1,392.24	20.6
2021-2022	191.54	1,306.57	15
2022-2023	296.08	1,299.16	23
2023-2024	394.70	1,540.80	26

Source: Annual Report of Repco Home Finance Bank
Table 5: Net Profit Margin

INTERPRETATION

During the study period the bank's Net Profit Margin has shown an overall upward trend, increasing from 21% to 26%. This improvement suggests enhanced efficiency in managing expenses relative to revenue, leading to increased profitability. The ratio decreased 15% in 2021-2022, but the margin recovered in subsequent years, reaching its peak in 2023-2024. Maintaining or further improving this margin can strengthen the bank's financial position and provide more resources for growth and investment.
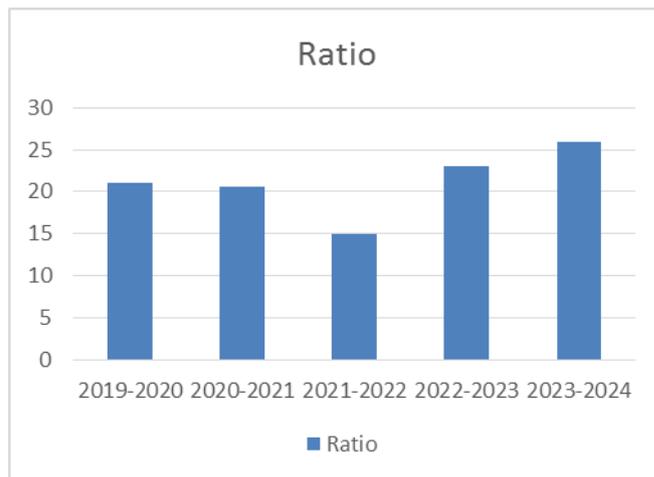

Chart 5: Net Profit Margin

(Rs In Crores)

Year	Net Profit	Working Funds	Ratio
2019-2020	280.35	2,469.08	0.11
2020-2021	287.60	2,079.27	0.13
2021-2022	191.54	2,212.99	0.08
2022-2023	296.08	2,499.81	0.11
2023-2024	394.70	2,824.72	0.13

Source: Annual report of Repco Home Finance Bank
Table 6: Net Profit to Working Funds

INTERPRETATION

The ratio of Net Profit to working funds was analyzed in the above table, the ratio has fluctuated between 0.08 and 0.13, indicating variability in the bank's ability to convert working funds into net profit. The ratio has declined in 2021-2022 at 0.08, suggesting challenges in profit generation during that year. However, it improved to 0.13 in 2023-2024, reflecting enhanced efficiency in utilizing working funds to generate profit. Consistently improving this ratio can strengthen the bank's financial health and operational effectiveness.
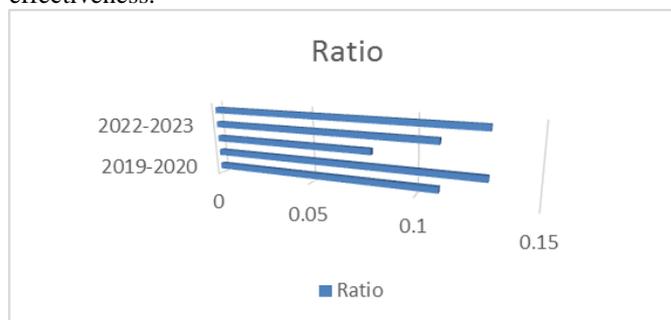

Chart 6: Net Profit to Working funds

(Rs In Crores)

Year	Net Profit	Total Employees	Ratio
2019-2020	280.35	994	0.28
2020-2021	287.60	977	0.29
2021-2022	191.54	898	0.21
2022-2023	296.08	951	0.31

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2023-2024	394.70	823	0.47

Source: Annual report of Repco Home Finance Bank
Table 7: Net Profit Per Employee

INTERPRETATION

The Net Profit per Employee shows an overall improvement in workforce efficiency over the years. It remained stable at 0.28–0.29 in 2019-2021 but dropped to 0.21 in 2021-2022, likely due to decreased profitability. However, the bank rebounded strongly, reaching 0.31 in 2022-2023 and significantly improving to 0.47 in 2023-2024. This sharp increase suggests that the bank has optimized its workforce, generating higher profits with fewer employees, indicating better productivity and cost efficiency.
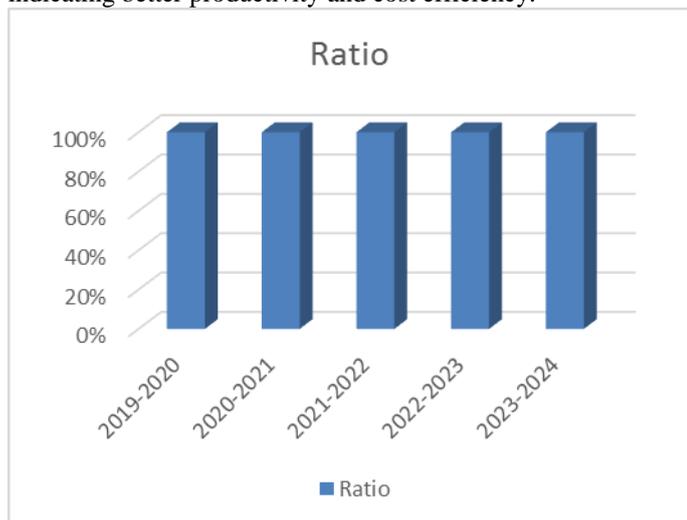

Table 7: Net Profit Per Employees

IX. FINDINGS OF THE STUDY

From the analysis of the study the following findings are made by the researcher.

✓ The company's stable current ratios (1.20–1.27) over the past five years indicate consistent liquidity, ensuring its ability to meet short-term obligations.

✓ The company's debt-to-total assets ratios indicate a moderate.

✓ The level of financial leverage, with fluctuations from 0.79 in 2019-2020 to 0.78 in 2023-2024, suggesting that more than half of its assets are financed by debt.

✓ The company's debt-to-equity ratio has gradually decreased from 84.2% in 2019-2020 to 78% in 2023-2024, indicating a high but not excessively risky level of financial leverage.

✓ The increase in the proprietary ratio from 51.17% in 2019-2020 to 73.39% in 2021-2022, followed by a slight decrease to 62.18% in 2023-2024, indicates a strong financial position with a lower reliance on debt financing.

✓ The increase in Net Profit Margin from 21% to 26% (despite a dip to 15% in 2021-2022) indicates improved expense management and profitability, strengthening the company's financial position.

✓ The fluctuation of the ratio between 0.08 and 0.13 from 2019-2020 to 2023-2024 indicates variability in profit generation, with an improvement to 0.13 in 2023-2024, reflecting enhanced efficiency in utilizing working funds.

✓ Net Profit per Employee declined to 0.21 (2021-2022) but rebounded to 0.47 (2023-2024), indicating improved workforce productivity and cost efficiency.

X. SUGGESTIONS OF THE STUDY

The following are the suggestions offered by the researcher through the study.

✓ The Repco Home Finance Bank should try to reduce short-term liabilities or increasing liquid assets to enhance financial flexibility and resilience.

✓ The bank should maintain a balanced capital structure by reducing debt reliance to enhance financial stability and flexibility.

✓ The bank should maintain a strong proprietary ratio by optimizing equity financing while ensuring sustainable growth and financial stability.

✓ The bank should focus on controlling expenses and enhancing revenue growth for long-term profitability.

✓ The bank should maintain a balanced approach by investing in fixed assets for growth while ensuring sufficient liquidity for financial stability.

✓ The bank should sustain and enhance net profit margin by optimizing cost management and driving revenue growth.

✓ The Repco Home Finance bank should focus on maintaining a healthy proprietary ratio by balancing equity growth and debt management for financial stability.

XI. CONCLUSION

The study highlights key financial recommendations to strengthen the company's financial position and long-term growth. Improving the current ratio by managing short-term liabilities and liquid assets will enhance financial flexibility and resilience. Maintaining a balanced capital structure by reducing debt reliance will ensure financial stability. Optimizing equity financing will support a strong proprietary ratio, fostering sustainable growth. Additionally, controlling expenses and increasing revenue will help sustain and improve the I/E ratio, boosting profitability. Lastly, leveraging proprietary funds more effectively for fixed asset investments will drive long-term financial health while maintaining liquidity.

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