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Piramal HF to raise ₹400 cr through commercial papers

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Piramal Housing Finance, which began operations last month, will lift its first market borrowings through ₹400-crore commercial paper, a short-term money market instrument.

Rating agency ICRA has assigned 'A1+' rating to the housing finance company's commercial paper.

ICRA said the company enjoys operational synergies with its parent Piramal Finance Ltd, thanks to PFL's experience in real estate lending and the large network of developers built over time. PFL is a wholly-owned subsidiary of Piramal Enterprises.

Moreover, the association with the Piramal Group would provide the company raised financial flexibility. The housing finance firm has brought on board seasoned professionals having experience in the retail lending space.

Given the inherently low-risk profile of the housing loan segment, a build-up of the retail book would help alleviate the risk profile of the portfolio on a consolidated basis, ICRA said.

ICRA said it has taken note of early stages of operation of the company, limited experience of the group in retail lending, and the aggressive growth targets for the entity.

Flagging up some risks, the rating agency said Piramal Housing Finance is targeting a rapid expansion of its loan book to over ₹15,000 crore by the end of FY20. It has already booked assets worth ₹200 crore since it commenced business in early September.

The company's ability to execute its business plans and grow profitability, raise funds at competitive rates and maintain healthy asset quality, would remain the key sensitivities, ICRA said.

The group's long-standing experience and expertise in the wholesale lending segment, and experience in the real estate segment will come handy in business operations.

Housing finance would remain the key focus for the company. Piramal Housing Finance would also offer products like loans against property (15 per cent of the portfolio on a steady-state basis) and construction finance (20 per cent of portfolio on a steady-state basis).

