

Real estate sector is looking for some relief from the central bank: Kapil Wadhawan

Interview with CMD, Dewan Housing Finance

Dewan Housing Finance Ltd (DHFL) recently raised Rs 304 crore through a qualified institutional placement (QIP). Chairman and Managing Director **Kapil Wadhawan**, in an interview with *Malvika Joshi* and *Raghavendra Kamath*, talks about the company's plans and strategies. Edited excerpts:

You had recently carried out a QIP. How much was the stake dilution and who were the investors?

We raised around Rs 304 crore through the QIP by issuing 11.9 million shares. This was effectively a 17.5-18 per cent dilution. Several foreign institutional investors like Mirae, GMO and RBS had invested. Currently, the promoter holding is about 35-35.5 per cent.

How do you plan to use the capital raised?

The receipts would be used for our housing finance business. The amount raised supplements our Tier-I capital requirement, improves our capital adequacy ratio and helps our growth plan, at least for the next one and a half years. We will not have to raise fresh equity anytime soon.

How has DHFL's business growth been this financial year? What are the growth targets?

This year, we carried out cumulative lending of about Rs 11,000 crore. This is the consolidated amount for DHFL, as well as First Blue Home Finance. It is also an annual rise of 25-30 per cent. For the next three years, we want to maintain growth of 25-30 per cent annually and scale up the balance sheet to Rs 65,000 crore in terms of assets under management (by 2015).

Interest rates have been very high. In which pockets have you seen stress, as far as the home loan business is concerned?

Clearly, we have seen stress in and around Mumbai. Mumbai has been a dampener, and that is evident from the number of registrations in the recent past. This is primarily because of the policy paralysis that has hit the city. The approvals are there, but there are ambiguities around these from municipal bodies. However, growth in Tier-II cities has been very good. Bangalore and Pune are doing very well.

What is the progress on the fund raising of your latest realty fund?

The fund-raising process has already started and the response has been quite good. A large number of tie-ups, high net worth individuals and wealth management entities have already happened. The fund would focus on mid-income housing projects and would be spread across 16 cities.

Any plans to set up or sponsor an infrastructure debt fund?

Not at the moment. In the future, we may look to set up a separate fund under the Arthaveda brand.

What are your expectations from the central bank's mid-quarter review of monetary policy?

Though RBI (Reserve Bank of India) has cut the cash reserve ratio by 75 basis points, it has to focus on

cutting interest rates. Interest rates are at unrealistically high levels. The real estate sector is actually looking for some relief.

What are your expectations from the Budget?

We expect a greater emphasis on infrastructure projects in the Budget, with the infrastructure sector getting more access to foreign money. I also expect the government to lift the cap on external commercial borrowing (ECB) for housing finance companies. This sector has no access to the ECB market.