

Sundaram Finance to pay ₹1,000 crore to buy out BNP Paribas in housing finance JV

OUR BUREAU

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Sundaram Finance Ltd (SFL) and BNP Paribas Personal Finance have reached an agreement under which BNP Paribas Personal Finance will sell its entire 49.9 per cent equity stake in Sundaram BNP Paribas Home Finance Ltd (SBPHFL) to SFL for a consideration of about ₹1,000 crore.

The SFL board on Thursday approved the acquisition of 5,05,25,965 equity shares of ₹10 each, representing 49.9 per cent in SBPHFL, from BNP Paribas Personal Finance S.A. (BNPPF), France, for a total consideration of ₹999,66,92,235.

The proposed acquisition follows BNP Paribas Group's decision to exit the housing finance business.

SFL now holds 50.1 per cent in SBPHFL and the said acquisition would increase its holding to 100 per cent, thus making the housing finance



TT Srinivasaraghavan, MD, Sundaram Finance

company a wholly-owned subsidiary of SFL.

"Sundaram Finance and BNP Paribas Personal Finance have enjoyed an excellent relationship over the past 15 years and built up a successful and respected brand in the housing finance sector in India. BNP Paribas Personal Finance has added a lot of value to the technical aspects of the business and been a valued business partner," TT Srinivasaraghavan, Managing Director of SFL, said in a statement.

The deal, which is subject to

all regulatory approvals, is proposed to be completed by December 15.

Srinivasaraghavan said that given the strong synergy with the parent's auto lending and related businesses, the deal will further strengthen company's footprint in the retail financial services space.

SBPHFL recorded a net profit of ₹145 crore in 2018-19 and disbursed ₹1,681 crore worth of home loans during the previous fiscal. Its loans under management (including loans sold) stood at ₹9,041 crore as on March 31, 2019.

It had indicated its plans to raise more than ₹4,000 crore during this fiscal to support its growth plans.

In another transaction, SFL also acquired a 49 per cent stake in its subsidiary company, Sundaram BNP Paribas Fund Services Ltd (SBFS), from BNP Paribas Securities Services, France, for ₹15 million.