

Sundaram Finance to buy out BNP in JV

France's BNP Paribas Personal Finance sells stake in housing finance venture for almost ₹1,000 crore

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Sundaram BNP Paribas Home Finance Ltd. (SBPHFL) is set to become a wholly owned subsidiary of Sundaram Finance Ltd. (SFL).

SFL will be acquiring the remaining stake of 49.9% from BNP Paribas Personal Finance S.A. France for ₹999.67 crore, subject to all regulatory approvals.

SFL inked an agreement with BNP Paribas Personal Finance S.A. France to this effect. It is reliably learnt that the move follows a decision by the BNP Paribas Group to exit the retail housing finance business.

BNP Paribas currently holds 49.9% stake in the home finance unit and the rest is held by SFL. As per the



The home finance arm has strong synergies with SFL's auto lending business, says T.T. Srinivasaraghavan. ■ BIJOY GHOSH

deal, SFL would acquire the entire stake, representing 5.05 crore equity shares of ₹10 each.

“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,” said T.T. Srinivasaraghavan, MD, SFL.

“India is in an interesting phase in its economic journey. The financial services sector, specifically the housing finance sector, is poised for significant growth once the consolidation activity, which is under way after the recent spate of volatility, is completed.

“Given the strong synergy with the parent's auto lending and related businesses, this will further strengthen our footprint in the retail financial services space,” he added.

Partner exits SBFS

The board of SFL also agreed to buy out BNP Paribas Securities Services, France in Sundaram BNP Paribas Fund Services Ltd. (SBFS) for a total consideration of ₹1.5 crore subject to all regulatory

approvals. This follows the France-based joint venture partner deciding to exit the registrar and transfer agency business.

After the proposed acquisition goes through, SFL's stake in SBFS will increase to 100% from the current 51% and SBFS would become a wholly owned subsidiary of SFL. The acquisition is proposed to be completed by July, 31.

It may be recalled that Sundaram Finance had brought in Ageas as a 40% partner in Royal Sundaram, its general insurance subsidiary, in late 2018.

The insurance joint venture was originally promoted jointly by SFL and Royal & Sun Alliance Insurance plc, U.K. The latter had exited the JV in 2015.