

JM Financial planning to start affordable housing finance unit

BY ANIRUDH LASKAR & MADHURIMA NANDY

MUMBAI/BENGALURU

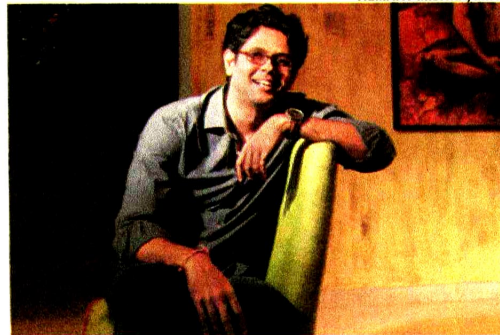
Financial services company JM Financial Ltd will start an affordable mortgage lender and a property brokerage, extending its real estate lending business, managing director Vishal Kampani said.

The company has sought a licence for JM Financial Home Loans Ltd from the National Housing Bank (NHB) and expects the same in around six months, Kampani said in an interview.

“The HFC (housing finance company) business will focus on providing finance for housing of low and mid-income range customers. The average ticket size could be Rs10-15 lakh. We already have real estate lending business for other categories. Affordable housing finance is a space that has a huge potential. So, the HFC will specialize in retail affordable housing finance,” Kampani said.

Mumbai-based JM Financial is engaged in investment banking, institutional equity sales, trading, broking, wealth management and private equity, among others.

The new retail housing business will be a unit of JM Financial Ltd, which will focus purely on affordable housing sector. JM Financial has two NBFCs. JM Financial's existing real estate-focused non-banking financial company (NBFC)—JM Financial Credit Solutions—has outstanding wholesale property loans of



HEMANT MISHRA/MINT

File photo of JM Financial MD Vishal Kampani.

Rs8,000 crore, while the group's total loan book size (through the two NBFCs) stands at around Rs11,500 crore, Kampani said.

“Once we get the licence from NHB, we will start lending business in the affordable housing space. We will start ramping up the business from June and July next year and in three years, we expect to grow the business to around Rs2,500-3,000 crore,” he said.

JM Financial will offer loans to buyers in around 6-7 affordable home projects it has identified. Focus areas will be extended Mumbai suburbs such as Thane, Kalyan, Mira-Bhayander and Vasai, besides Pune and Ahmedabad.

JM Financial Property Fund raised around Rs400 crore in 2007-08 to invest in residential, hospitality and mixed-use projects. In 2014, Vikram Pandit, a former chief executive of Citigroup Inc., bought a 50% stake in JM Financial's real estate-focused NBFC for about Rs540 crore.

In an interview, Kampani said the core lending business

of JM Financial is well capitalized and the size of the NBFC is expected to grow to around Rs15,000 crore, with the real estate lending book alone growing to about Rs11,000 crore in the next 2-3 years.

Separately, the firm also plans to launch its own residential broking business in the next 2-3 months with an initial investment of around Rs15 crore, which is substantial as per the current market standards.

It will target customers in Mumbai first, before looking at other cities such as Pune, the National Capital Region (NCR), Bengaluru and Chennai. There will be at least 100 large brokers for Mumbai and Pune alone.

“We will focus primarily on large inventory primary sales. Home realty broking business is currently highly fragmented in India at the moment. We feel that with the right kind of technology and professionalism among brokers, this business has a lot of scope to grow,” said Kampani.

anirudh.l@livemint.com