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# DHFL plans to meet 10 per cent of borrowings from retail deposits

By PTI | Updated: Jul 13, 2016, 03.55 PM IST

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MUMBAI: Dewan Housing Finance Ltd (DHFL), the second-largest pure-play [home loan](#) player, plans to further raise share of [retail deposits](#) in overall fund to 10 per cent this [fiscal](#) as part of its strategy to diversify the sources of borrowings.

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"We want to diversify the source of our liabilities going forward. Last financial year, the share of retail deposits in our overall borrowings stood at over 8.5 per cent and now this is over 9 per cent. We should close the year with 10 per cent and at 12 per cent over the next two years," DHFL Chief Executive [Harshil Mehta](#) told PTI today.

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Since mortgage companies borrow short-term but lend long-term leading to asset liability mismatches and it makes sense for them to diversify their funding sources to better balance their liabilities

With pick-up in home purchases, the company sees a better year ahead and is accordingly planning to raise Rs 25,000-27,000 crore this year to fund loan growth and hopes to mop up 10 per cent of this from retail deposits.

Stating that the company's retail deposits have been steadily rising over the years, Mehta said "three years ago it was only 4 per cent but it rose to over 8.5 per cent in 2015-16 and we hope to take it to 10 per cent or thereabout this fiscal year."

"Three years ago their (DHFL) bank borrowings were 80 percent of the total funds which has come down to 50 per cent as now we mop up the rest from many sources, including commercial papers, NCDs and external commercial borrowings."

On how much of the Rs 27,000-crore fund raising has been done so far this fiscal, Mehta said they have drawn down around 15 per cent of the amount till now.

He declined to offer advances target citing the silent period ahead of the first quarter earnings scheduled for next week.

The company today launched an attractive short-term deposit scheme for the corporates, offering 8.40 per cent return for one year period.

This is the first such scheme from the housing finance company, Mehta said, adding DHFL hopes to launch many more attractive products going forward.

The scheme, which can help companies meet their short-term investment requirements, is open only to public and private limited firms and carries an A1+ rating from [Crisil](#).

The minimum deposit amount for the scheme is Rs 10 lakh for a tenure of 31-364 days deposit with the flexibility to choose between an 'auto renewal' and an 'auto repayment' option.

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