

11:48 AM 31 JAN MARKET STATS ▼	SENSEX 27,708 ▼ -141.75	NIFTY 50 8,577 ▼ -55.40	GOLD (MCX) (Rs/10g.) 28,628 ▲ 104.00	USD/INR 67.82 ▼ -0.13	CREATE PORTFOLIO	Download ET MARKETS APP	CHOOSE LANGUAGE ENG
--	-----------------------------------	-----------------------------------	--	---------------------------------	-------------------------	--------------------------------	-------------------------------

Home First Finance Company is looking to sell 30% stake for Rs 250 crore to fund operations

By [Shilpy Sinha](#), ET Bureau | Updated: Jul 08, 2016, 05:29 AM IST

[Post a Comment](#)

MUMBAI: Mumbai-based [private lender](#) Home First Finance Company is looking to sell 30% stake for Rs 250 crore to fund operations, valuing the company at Rs 850 crore, people aware of the matter said.

Budget 2017:
Jaitley's doles this year could make or break India. [Read about it in our Budget 2017 coverage](#)

Founded by former Mphasis chairman Jaithirh Rao and Bank of Baroda managing director [PS Jayakumar](#), the Mumbai-based company provides loans of Rs 1-30 lakh, mostly to firsthome buyers.

"HFFC is in the process of raising capital for its growth. We are in discussions with potential investors," said Manoj Viswanathan, chief executive of [Home First Finance Company](#).

The company started operations in 2010 and a year later it raised funds from [Bessemer Ventures](#). Later, it attracted funding from [Tata Capital Growth Fund](#) as well.

In 2014, the company turned profitable. The affordable housing finance sector has got a fillip from the government's focus on 'Housing for All' by 2022. Rating agency ICRA has said that with this central programme and favourable regulations, housing credit could grow more than 20% from this fiscal onwards. Mortgage penetration could therefore increase to double digits in the next three-four years, it said.

Private equity firms are looking to invest in this industry. Recently, Kedaara Capital and Partners Group bought out AU Home Finance for Rs 950 crore. In 2015, American fund Carlyle bought a 49% stake in PNB Housing. It had earlier purchased a substantial stake in Chennai-based Repco Finance and exited the investment at a 30% return when the company listed on the bourse. TPG Capital has shown interest in buying out ICICI Home Finance, which is on the block.

Following the AU Home Finance deal, mortgage firms are looking for valuation of four-five times the net worth.

Many housing finance companies are looking to raise capital from both secondary and primary sources. As per ICRA's estimates, housing finance companies will need external capital of Rs 18,500-28,000 crore, or 30-50% of their present net worth, to grow at 20-22% over the next five years, assuming internal capital generation of 16% and similar capitalisation levels as at present.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

Live Market	News	Portfolio	Mobile	Live TV	Newsletter	Commodities	Speed	QnA	Blogs	Alerts	RSS
Other Times Group news sites Times of India इकनॉमिक टाइम्स छंदी-नॉमिड टाइम्स Mumbai Mirror Times Now Indiatimes नवभारत टाइम्स महाराष्ट्र टाइम्स ಎಚ್‌ಎಂ ಕರ್ನಾಟಕ Lifehacker Gizmodo Eisamay IGN India NavGujarat Samay	Living and entertainment Timescity iDiva Zoom Luxpresso Gaana Happytrips Cricbuzz Get Smartapp Networking itimes MensXP.com	Hot on the Web Union Budget Income Tax calculator Income Tax Slabs Budget 2017 UP & Punjab Assembly Elections 2017 BUDGET 2017-What's Cheaper & Expensive Sensex, Nifty Live	Services ads2book Gadgetsnow Free Business Listings Simplymarry Astrospeak Timesjobs Magicbricks Zigwheels Timesdeal dineout Filmipop Remit2India Gaana Greetzap Techradar Alivear Google Play								