

Consumer finance firm Home Credit aims to break-even in India this fiscal

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Jean Pascal Duvieusart, member of the board of Home Credit BV

To raise funds via Commercial Paper in Indian market

PRAGUE

Home Credit, an international consumer finance provider in 10 markets, is hopeful of achieving break-even in its Indian operations this fiscal, a key shareholder of the Netherlands-headquartered PPF Group NV has said.

PPF Group NV is the holding company that through an investment arm controls Home Credit, which started its Indian operations in 2012.

“We are almost there. We expect to break-even in India this financial year,” Jean Pascal Duvieusart, a shareholder of closely-held PPF Group and member of the board of directors of Home Credit BV, told a group of visiting journalists in Prague on Friday.

He said it usually takes at least four years for break- even in the consumer finance business.

A significant portion of Home Credit India’s revenues come from financing mobile phones, especially to consumers who are bankable but not part of the formal credit system.

Diversifying resources

Home Credit has till date invested over €300 million in India and also raised €600 million.

To diversify its resource base in India, Home Credit will soon issue a Commercial Paper in the Indian market, Duvieusart said. This will be the first time Home Credit India is getting into CP issuance in the country.

The move will help Home Credit India reduce its cost of funds besides diversifying its resource base, Martin Navratil, Chief Business Development Officer, Home Credit India, told *BusinessLine*.

On the balance between growth and profitability, Duvieusart said that Home Credit would continue to focus on growth in the Indian market and sees immense opportunities in the country given the rapid pace of economic growth in recent period.

He said that Home Credit would not be averse to pumping in more capital if need be to support growth.

Growth potential

“The growing Indian economy is only going to help us do better in the Indian market. We see a lot of potential for growth in India as many are still not having access to loan products,” he said, adding that Home Credit’s Indian operations touch 175 cities and has 29,000 point of sales across various States.

In its six years of operations in India, Home Credit has nearly 6.5 million customers with over three million active customers as on date.

As part of diversifying its funding base in India, Home Credit India had in January-March this year raised ₹600 crore through a mix of securitisation transactions, term loans and non-convertible debentures.

The writer was in Prague at the invitation of Home Credit India

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