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Banks, PEs and NBFCs line up for DHFL's retail book

BY [SALONI SHUKLA](#) & [SACHIN DAVE](#), ET BUREAU | UPDATED: FEB 14, 2020, 08.25 AM IST

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MUMBAI: Fourteen entities including foreign [banks](#), private equity funds and other local non-bank lenders have begun talks with the administrator of bankrupt mortgage lender Dewan Housing Finance ([DHFL](#)) and its adviser EY to buy the company's entire retail portfolio worth Rs 32,000 crore, multiple people involved in the process said.

The Shriram Group, Edelweiss Financial Services, Adani Capital, a consortium led by the Piramal Group-Bain Capital and Indostar Capital are among those that have shown interest in buying the portfolio. [Morgan Stanley](#), [Goldman Sachs](#) and Deutsche Bank are the foreign banks in the race along with private equity funds such as Warburg Pincus, AION Capital, Lone Star and SSG Capital. Local asset reconstruction company Arcil may also participate, people said.

The winner is also expected to bag multiple real estate properties owned by DHFL, including 18 retail branches, multiple floors in the TCG Financial Centre and HDIL Towers in suburban Mumbai.

'Interesting Opportunity'

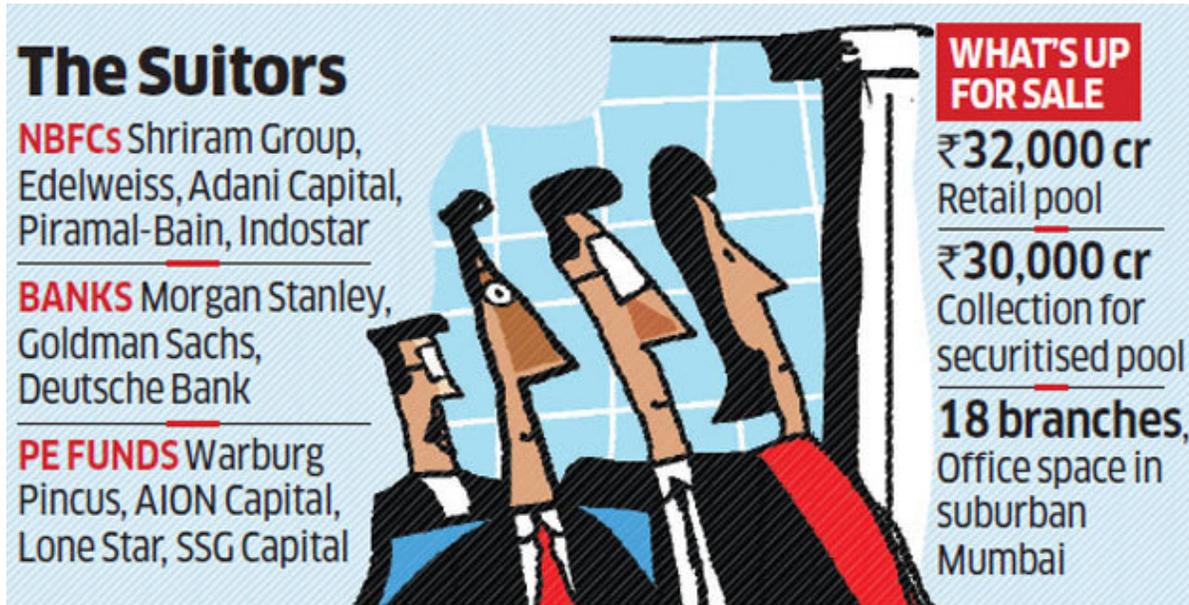
The expressions of interest are to be submitted on February 17 after which interested parties will begin due diligence.

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The Suitors

NBFCs Shriram Group, Edelweiss, Adani Capital, Piramal-Bain, Indostar

BANKS Morgan Stanley, Goldman Sachs, Deutsche Bank

PE FUNDS Warburg Pincus, AION Capital, Lone Star, SSG Capital

WHAT'S UP FOR SALE

₹32,000 cr
Retail pool

₹30,000 cr
Collection for securitised pool

18 branches,
Office space in suburban Mumbai

“DHFL presents an interesting opportunity and we are considering submitting a no-obligation expression of interest,” said Ravi Subramanian, MD, Shriram Housing Finance. “However, there are concerns over asset quality and inappropriate transactions as pointed out by the investigating authorities. While we are interested in taking a closer look at the possibility of a deal, a key driver of our interest in DHFL would be the ability to segregate the good from the bad.”

Edelweiss too confirmed the development and said it's focused on strengthening its retail credit franchise and that it regularly evaluates good quality organic or inorganic opportunities.

DHFL is the first financial services company to be admitted to the bankruptcy courts after the Reserve Bank of India superseded its board and appointed former Indian Overseas Bank chief, R Subramaniakumar, as the administrator to resolve DHFL's Rs 85,000-crore debt. Its erstwhile promoter Kapil Wadhawan is behind bars on allegations of being instrumental in laundering huge sums of money as part of a deal with gangster Iqbal Mirchi.

A recent Enforcement Directorate probe also alleged that Wadhawan siphoned off Rs 12,700 crore through 79 shadow companies and one lakh fictitious accounts. While bidders are being cautious regarding the asset quality, the fact that they would get a portfolio of Rs 62,000 crore – Rs 32,000 retail book and the remaining securitised pool at one go — is a big pull.

“The bidder will also not have to shell out more than Rs 5,000-6,000 crore initially as they have to pay back the lenders through the lifecycle of the loan — this is also bringing in a lot of investor interest,” said one official involved in the sale process.

After submitting expressions of interest, interested bidders will have to complete data analysis by March 2 and then submit final bids by April 16. The company's assets under management are at Rs 1.19 lakh crore.

The DHFL administrator decided to segregate the loan book into three groups.

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