

HDFC to set up fund to finance stressed realty projects, to rope in partner

The financial institution will put the money as investment in the proposed fund and will rope in a partner for real estate fund financing of distressed assets in the real estate sector

Topics

HDFC group | realty projects

Abhijit Lele | Mumbai

Last Updated at July 6, 2020 23:55 IST





HDFC will not have any active role in working of the proposed fund as it will be in conflict with its lending activity

ALSO READ

Reality of realty post-Covid-19: Here're factors that may impact growth

Realty check: Current rates and unit sizes in the Rs 1.5-2 cr price range

Housing Development Finance Corporation (HDFC) will use part of the fresh capital it plans to raise to set up a real estate fund, in collaboration with other investors, to finance stressed projects.

It will also use the fresh capital to fund inorganic opportunities and investments in existing group businesses, its Vice Chairman and Chief Executive Officer Keki Mistry said.

HDFC is yet to approach shareholders to seek their approval to raise funds. The exercise will be conducted soon after the approval is received, said Mistry.

Mistry said, "These investments will continue to be in the financial sector, which is the core business. One of the things we would look at is the establishment of a real estate fund".

Covid-19 outbreak: Real estate majors rule out price cuts after lockdown

Edelweiss realty fund invests Rs 1,550 cr in projects in Mumbai, NCR

Budget 2020 wishlist: Here are the key challenges for real estate sector

The fund is expected to be functional by the later part of the current financial year (FY21). HDFC will not play an active role in the working of the proposed fund, as that will be in conflict with its lending activity. It will rope in partners to run the fund instead.

ALSO READ: [Mumbai realty: Developers struggle for funds, prices crash, buyers wait](#)

The real estate sector had been going through a rough phase even before the Covid-19 crisis, marked by falling sales and piling up of inventories. And the economic disruption caused by the lockdown will severely impact the demand for space (real estate) in the coming quarters, analysts said.

Last year the Centre sponsored a fund to provide last-mile funding to stuck real estate projects. The fund is being managed by SBICAP Ventures. Edelweiss Alternative Asset Advisors (EAAA), unit of Edelweiss group, and South Korean Financial services conglomerate Meritz Financial Group inked a pact to start a similar fund, called the Alternate Asset Fund.

Last week, HDFC Chairman Deepak Parekh had said in a letter to shareholders that group firms have an opportunity to grow through mergers and acquisitions (M&As) because of the current crisis. The subsidiaries need additional capital to prepare for this, he had said.

“We are now emerging into a scenario where there may be inorganic opportunities for our group firms. Some of our subsidiaries will need additional capital for expansion. We have also identified new investment opportunities to help build the next generation of value creators,” Parekh wrote in the annual report.

Read our full coverage on HDFC group

First Published: Mon, July 06 2020. 19:03 IST

[READ MORE ON](#) [HDFC GROUP](#) [REALTY PROJECTS](#) [FINANCE](#) [BANKS](#)

[PREVIOUS STORY](#)

[NEXT STORY](#)



PNB chief hopeful of RBI allowing one-off loan restructuring by October

AUM under moratorium for Bajaj Finance reduces to 15.5% in Q1 of FY21

Inevitability gripe over I



RECOMMENDED FOR YOU
