

Edelweiss to invest ₹700-800 crore in retail finance biz

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Edelweiss Financial Services will invest ₹700-800 crore per year as capital in its retail lending business to grow its SME, mortgage, and agriculture loan book. It is expected to use the proceeds from its recent qualified institutional placement (QIP) for investing into this business.

Edelweiss expects to have a lending business of ₹4,000-5,000 crore each year in the retail segment, comprising housing, small-

and medium-sized enterprises, and agriculture, according to its Chairman and Chief Executive Officer Rashesh Shah.

It has also raised about ₹1,527 crore through QIP of equity shares. It fixed the price of each share at ₹280, against the floor price of ₹285.14. It will issue 54.56 million shares to institutional shareholders.

The company will use the proceeds for augmenting long-term resources, fund growth and expansion, maintaining capital adequacy, and consolidation of its sub-

sidiaries, according to the QIP document.

Shah, at the time of announcing the second quarter results in September, had said the company had board-approved plans to raise capital up to ₹2,000 crore from investors through routes such as rights issue, QIP, and preferential issue.

Anil Kothuri, head, retail mortgage and SME, Edelweiss Group, said the retail segment comprises four lines — mortgages, SME, agriculture, and loans against shares. While mortgages and SME remain

the mainstay, agriculture lending was in the incubation stage.

Retail credit remains a key focus area with the book growing at 40 per cent over the past year. The company is allocating more capital to this business.

At the end of Q2FY18, the book size of retail credit grew by 40 per cent to ₹11,783 crore, as against ₹8,430 crore at the end of Q2FY17. The corporate credit book expanded by 19 per cent to ₹15,398 crore from Rs 12,919 crore at the end of Q2FY17. The total credit book, including distressed credit, stands

at ₹32,540 crore at the end of Q2FY18.

Referring to scaling up presence across country, Kothuri said the branches in network are expected to grow to 150 by march 2018 from present level of 80. The finance company has adopted hub-spoke spoke model with each hub having to 5-6 spokes.

Edelweiss' total assets stood at ₹1.9 lakh crore with those on balance amounting to ₹47,800 crore and assets under management and advice of ₹1.43 lakh crore at end of September 2017.