National Housing Bank to acquire 12.5per stake in Mahindra Rural Housing Finance Venture

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New Delhi: Mahindra Rural Housing Finance Ltd. (Mahindra Home Finance), a wholly owned subsidiary of Mahindra & Mahindra Financial Services Ltd. (MMFSL), today announced that the National Housing Bank (NHB) has agreed to acquire a 12.5% stake in the company. A subscription agreement between the two companies has been signed. As per this agreement, NHB will participate in the first two years' capital raising programme(s) of Mahindra Home Finance.

Mahindra Home Finance was recently set up as a subsidiary of Mahindra & Mahindra Financial Services Ltd. (MMFSL) with the objective of meeting the housing finance needs of rural/semi urban customers across the country. The housing finance market in India is growing at a rapid rate, propelled by several growth drivers such as increase in population and disposable income, decreasing household size, increasing household formation etc. However, most industry players focus on the Metro and urban markets. Mahindra Home Finance will be focusing on the rural and semi urban markets. This is a

large, untapped segment for housing loans.

'NHB has an objective of strengthening the credit for housing finance in rural areas. Supporting a company that will focus on extending home loans in the rural and semi urban areas is in line with this objective. We are therefore pleased to be involved in ventures of this kind. This Company has the advantage of being able to leverage the extensive network and rural market knowledge of its parent,' said Mr. S. Sridhar, Chairman and Managing Director, National Housing Bank.

'Over the years, MMFSL has emerged as the brand of choice for finance in the rural and semi-urban areas of the country with a wide range of financial products and services. Mahindra has always maintained a strong focus on the rural customer and Mahindra Home Finance is an extension of this focus.' said Mr. Uday Phadke, President – Financial Services Sector, Mahindra & Mahindra Ltd. & Vice-Chairman, Mahindra & Mahindra Financial Services Ltd.

'Mahindra Home Finance represents an extension of our vision to be perceived as a one stop shop for all the financial needs of the rural customer and will help us tap the large opportunity present in this market. Through Mahindra Home Finance we hope to help rural and semi-urban customers finance home purchases or undertake improvements and extensions to their houses. Our vast rural network and domain expertise will be an added advantage,' said Mr. Ramesh Iyer, Managing Director, Mahindra & Mahindra Financial Services Ltd.

About Mahindra & Mahindra Financial Services Ltd.

Mahindra & Mahindra Financial Services Ltd (MMFSL), part of the US$ 6.7 billion Mahindra Group, is one of India's leading non-banking finance companies with a pan India presence. Focused on the rural and semi-urban sector, it provides finance for utility vehicles, tractors and cars and has the largest network of branches covering these areas. MMFSL's goal is to be the preferred provider for retail financing services in the rural and semi-urban areas of India, while its strategy is to provide a range of financial products and services to customers through its nationwide distribution network. MMFSL currently has the largest network of 437 offices and total assets under management of Rs. 8102 crores.

Tags :

Housing Bank Mahindra Rural Housing Finance Venture