

Reliance HF to raise ₹1,000 cr via NCD



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RELIANCE Home Finance, a 100 per cent subsidiary of Reliance Capital, announced public issue of secured and unsecured redeemable non-convertible debentures (NCD) with an aim to raise Rs 1,000 crore and option to retain over subscription worth Rs 2,500 crore.

The public issue of NCDs for institutional, non-institutional, HNIs and retail investors opens on December 22, 2016 and closes on January 6, 2017.

Secured NCDs offered for tenure of 3, 5 and 10 years carry coupon rate varying from 8.7 per cent to 9.15 per cent depending on investor category.

Unsecured NCDs are offered for tenure of 15 years with a call option after 10 years carry coupon rates varying from 9.25 per cent to 9.4 per cent.

The secured NCDs have been rated AA plus by CARE and Brickwork Ratings while unsecured NCDs have been rated AA.

"The company proposes to raise Rs 1,000 crore as base issue size, by offering secured NCDs and unsecured NCDs at a face value of Rs 1000 each. The unsecured NCDs will be in the nature of subordinated debt and will be eligible for inclusion as upper tier II capital," Reliance Home Finance said.

Reliance Home Finance provides home loans, loan against property, construction finance and affordable

housing.

The company will use the amount raised through NCDs for onward lending, financing and for repayment/prepayment of interest and principal of existing borrowings and for general corporate purposes. The NCDs are proposed to be listed on the BSE and the NSE.

Ravindra Sudhalkar, CEO, Reliance Home Finance said, "India's mortgage-to-GDP ratio is still low at 10 per cent in 2015-16 compared with other developing countries but it has improved from 7.4 per cent in 2009-10. The recent push by the government to provide 'Housing for All' by 2022 and various steps taken to implement the same, are expected to boost sales of affordable and low-cost housing units and consequently, financing for the same", said.

Ajay Manglunia, executive vice-president, Edelweiss Securities said, "This is the first retail NCD issue after demonetisation, the issue offers attractive rate compared to current bank fixed deposit rates where people have parked money post demonetisation."

"Since the NCDs will be listed on stock exchanges, the investors may also see capital appreciation going ahead," Manglunia said.

The lead managers to the issue are Edelweiss Financial Services, AK Capital Services, Axis Bank, Trust Investment Advisors and Yes Securities.

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