

IDFC eyeing housing finance, retail lending biz

Keen to reduce exposure to infrastructure segment, says CFO

SATYANARAYAN IYER / K RAM KUMAR

Mumbai, March 5

IDFC has a "Plan B" just in case it does not make the cut in its bid to win a licence from the Reserve Bank of India to start a bank. This entails diversification into housing finance and retail lending business.

Sunil Kakar, Group Chief Financial Officer, IDFC, said, "I can tell you banking or no-banking, we will start diversifying our asset base."

Explaining the rationale behind the move to diversify, Kakar said the company, which is classified as an infrastructure finance company by the RBI, is looking to reduce its concentration risk involved in lending primarily to the infrastructure segment.

As of December 31, 2013, the company's outstanding disbursement was ₹58,549 crore. Of this, over 85 per cent was disbursed to infrastructure projects in the energy, transportation



Sunil Kakar, Group CFO, IDFC

and telecommunications segment. According to reports quoting sources in the Reserve Bank of India, IDFC is one of the front-runners to get a banking licence along with state-owned India Post. The RBI is expected to declare the names of the companies that have been awarded banking licences in the current round by end-March.

An expert committee headed by former RBI Governor, Bimal Jalan, submitted its report to the RBI after vetting the applications of 25 aspirants in the current round. The RBI hopes to give a big push to financial inclusion by handing out more licences to corporates to open banks.

The last such set of banks was formed in 2003 when two private banks — Kotak Mahindra Bank and YES Bank — came into existence.