

Sundaram BNP Paribas Home finance to expand in south  
10 Jun 2010, 1939 hrs IST,ET Bureau

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CHENNAI: With the housing market in recovery mode, Sundaram BNP Paribas Home Finance (SBNPPHF) is now looking to expand and strengthen its presence with increased investments in the four southern markets this year. The housing finance subsidiary of Sundaram Finance achieved a 39% growth in disbursements in 2009-10.

Sundaram BNP Paribas Home ended FY10 with a net profit of Rs 27.72 crore. Like Sundaram Finance, the subsidiary too had an industry best in class net NPA of just 0.11%, again reflecting the focus on customer quality, according to a company release.

Sundaram BNP Paribas Home Finance is a 50.1% - 49.9% joint venture strategic partnership between Sundaram Finance and the French banking major, BNP Paribas Group.

Sundaram Home will use the 'hub-and-spoke' model to expand as it enters the next phase of growth. Over the next year, Sundaram BNP Paribas Home Finance will be specifically targeting Karnataka and Kerala markets. It expects contribution from these markets to rise from the current single digit levels.

Sundaram Home's expansion in Karnataka and Kerala will include opening up new offices in Hubli, Mangalore and Mysore regions in Karnataka and in Kollam and Malappuram districts and the Trivandrum market in Kerala, among other locations in these two states.

Sundaram Home will also expand its reach in Tamil Nadu and Andhra Pradesh by penetrating more into tier II and tier III towns in these two states. It will also explore the possibility of expanding into other locations in India.

As part of this growth strategy, SBNPPHF will also leverage the strong Sundaram Finance branch network and existing customer base to expand its presence in these markets. Currently, about 25% of the Home Finance customers are existing customers of Sundaram Finance. Sundaram Home has over 23,000 customers.

On the current housing market scenario, Srinivas Acharya, who took over as the new MD of Sundaram BNP Paribas Home Finance in April this year, said, "The sector has revived in south and we are clearly witnessing an increase in the number of housing finance transactions. We expect the complete recovery of the housing finance market within the next six months, subject to the broader economy not being hit by the Euro crisis."

Mr Acharya also said "we expect the interest rates to harden over the next three months considering the anticipated pressure on liquidity and inflation, besides the introduction of 'base rate' by the banks from July."

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