

## **Centrum Housing Finance Ltd. To Raise INR 190 crore of Equity Capital from a Fund Managed by Morgan Stanley Private Equity Asia**

**Mumbai, February 02, 2020** - Centrum Housing Finance Limited (“CHFL” or “the Company”), a retail focused, affordable housing finance player and part of the Centrum Group, is pleased to announce that it has signed an agreement to raise INR 190 crore of equity funds from a fund managed by Morgan Stanley Private Equity Asia. The fund will acquire a significant minority stake in the Company.

CHFL, which started operations in 2017, has 36 branches, and is present across 6 states in Central and Western India, serving over 3,500 customers. The Company primarily offers financing to individuals for buying and building houses in the affordable housing segment. The Company has disbursed loans amounting to over INR 500 crore and operates across Gujarat, Madhya Pradesh, Rajasthan, Maharashtra, Chhattisgarh, and Delhi.

During the last three years, the Company has significantly expanded its branch network, built a strong underwriting team, and secured fresh borrowing relationships from banks. The proceeds from this fund raise will help the Company expand its operations and enter new geographies.

The fund managed by Morgan Stanley Private Equity Asia will be the first external institutional investor in CHFL, which is promoted by Centrum Capital Limited. The Company is led by industry veteran Sanjay Shukla, who has 30 years of HFC/retail lending experience and previously headed Tata Capital's Housing Finance arm and Cent Bank Home Finance. EY acted as the exclusive investment banking advisor to the transaction.

**Jaspal Bindra, Executive Chairman, Centrum Group** said, *“The Government is taking many steps to boost growth of the affordable housing sector in India. Schemes like the PMAY, reduction in stamp duty and lending rates have given further impetus to the sector. We are excited at partnering with Morgan Stanley and together we will work to grow the business nationally as there is a big opportunity in the low to middle income segment in tier 2 & 3 cities. We will continue to focus and grow in these segments.”*

**Sanjay Shukla, MD and CEO of CHFL** said, *“The fact that we have been able to attract investment from a fund of the calibre of Morgan Stanley Private Equity Asia at this early growth stage of the company, is a testament to the strength of the company’s business model and a source of great pride for all of us. This investment will further help us take the company to the next level as we increase penetration across chosen geographies without compromising on credit quality.”*

**Arjun Saigal, Co-Head of Morgan Stanley Private Equity Asia in India**, said, *“We are excited to be making this investment. The affordable housing space in India is underpenetrated and offers tremendous opportunity for growth. We believe that CHFL is well-placed in this segment given its strong retail focus, robust underwriting and collection mechanism, and disciplined ALM management. This will be the fourth investment in India’s retail lending space by funds sponsored by Morgan Stanley Private Equity Asia.”*

**Bharat Bakhshi, Partner, Investment Banking Advisory, EY**, commented *“This transaction is testament to the fact that well-managed non-bank lenders with a strong growth outlook remain attractive to Private Equity funds. Our Financial Services practice continues to see robust deal activity, both in Fund Raising and M&A”*

**About Morgan Stanley Private Equity Asia**

Morgan Stanley Private Equity Asia (“MSPEA”) is one of the leading private equity investors in Asia-Pacific, managing third party money funds, having invested in the region for over 20 years. Funds managed by MSPEA invest primarily in highly structured minority investments and control buyouts in growth-oriented companies. The experienced investment team is led by senior professionals with extensive industry relationships, in-depth market knowledge and the ability to apply international investment principles within each local context.

MSPEA has offices in Hong Kong, Beijing, Shanghai, Seoul, Mumbai, Bangkok and New York, and leverages the brand and global network of Morgan Stanley.

**About Centrum Group**

Founded in 1997, Centrum is a well-respected Financial Services Group, with diversified fee businesses and a rapidly growing lending platform for institutions and individuals. Our Institutional services include Investment Banking, SME, MSME and an institutional broking desk catering to FIIs, Pension Funds, Indian Mutual Funds, Domestic Institutions and HNIs. Centrum provides comprehensive Wealth Management Services to HNIs and Family Offices, Affordable Housing Finance in tier 2 & 3 cities, micro finance and Insurance plans across Life, General & Health Insurance. Our Alternative Investment Management business offers funds across private debt, public equity, venture capital as well as real estate advisory.

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