

'We may moderate FY27 growth target to 15-18%'



Shriram Finance has reported a net profit of ₹3,013.6 crore in the fourth quarter of FY26, up nearly 41% year-on-year, on the back of rising income. The net interest income has increased 15.6% year-on-year to ₹6,994.1 crore, and the net interest margin stands at 8.61% in the reporting quarter as against 8.58% a quarter ago. However, the asset quality of the non-bank lender has deteriorated in Q4. Its operational performance has remained robust, with the liquidity coverage ratio rising to 323.17% in Q4 compared with 286.73% in the year-ago period. The cost-to-income ratio has improved to 25.32% in Q4 from 27.65% a year ago. For the quarter, the lender has posted a return on assets of 3.63% and a return on equity of 19.13%, inclusive of exceptional items. In an interaction with Kshipra Petkar, MD and CEO Parag Sharma outlines the lender's FY27 strategy, asset quality outlook, and growth drivers amid geopolitical uncertainties. Excerpts:

It has been a strong quarter. How are you seeing FY27 amid geopolitical uncertainties?

We are closely monitoring potential fuel price increases, the impact of monsoon variability on agriculture, and inflationary pressures that could lead to rate hikes. While we had initially targeted

18% growth, we may moderate that to 15-18% given external risks. Having said that, we are comfortable with the current growth momentum and remain confident of achieving growth within that range.

What will drive growth in FY27?

New commercial vehicle financing will be a key focus, particularly upgrades by

WE EXPECT A REDUCTION OF AROUND 100 BPS IN COST OF FUNDS OVER THE NEXT 2-2.5 YEARS



existing customers where we earlier ceded business to competitors. Gold loans will be another major driver. We plan to strengthen gold lending infrastructure across 200-300 existing branches and will also open a few dedicated gold kiosks in residential areas to begin with.

What are your strategic priorities post ratings upgrade and integration?

Our focus will be on reducing cost of funds, strengthening growth drivers, and improving employee productivity over the next three-to-four years.

What is the outlook on cost of funds?

We expect an around 100 basis point reduction over the next 2-2.5 years. Since most of our borrowings are fixed rate, repricing will be gradual and depend on market conditions, including RBI policy actions.

What are your AUM expectations for FY27?

With a 15-18% growth on a base of about ₹3 lakh crore, AUM could increase by ₹40,000-45,000 crore during the year.

What is the margin guidance?

NIM was 8.61% in Q4. We aim to maintain margins in the 8.5-8.6% range in FY27.