‘Targeting ₹20,000 cr gold loan portfolio in 3 years’

Q&A

Shriram Finance, India’s second-largest private sector non-banking financial company (NBFC), adopted a cautious approach to growth in the first quarter (April-June) of 2026-27 (FY27) amid concerns over fuel prices. While the NBFC has retained its assets under management (AUM) growth guidance, it would like to assess another quarter before revisiting it. **Umesh Govind Revankar,** executive vice-chairman of Shriram Finance, spoke to **Subrata Panda** and **Aathira Varier** in Mumbai about the company’s growth ambitions and the road ahead. Edited excerpts:

Your AUM grew 15 per cent this quarter despite your strong capital position. Wouldn’t you say that is on the lower side for an NBFC of your size?

■ There are two factors. First, we are a very large company. Our disbursements grew 19.5 per cent year-on-year (Y-o-Y), while AUM grew 15 per cent. Given our size, you can’t expect very high percentage growth. Second, we were a little cautious because of concerns over fuel prices. We were careful with our disbursements. We felt that once we had more clarity, we could grow much faster.

What kind of growth are you targeting this year?

■ Before the West Asia crisis, we were targeting 18 per cent growth. We have not lowered that guidance. We would like to assess one more quarter before revising it.

Gold loans grew 46 per cent Y-o-Y. What are your plans for this segment?

■ We would like to build our gold loan business because we already have a branch network. We don’t need to build a new one; we can use the existing network. We plan to grow this business aggressively. We would like to expand our gold loan portfolio to ₹20,000 crore over the next three years, from around ₹7,500 crore currently.

Your net interest margin increased to 9 per cent. Is this level sustainable?

■ Yes, at least for the next couple of quarters, since we have the capital with us. This level is sustainable. Over the longer term, however, our target is around 8.5 per cent.

Apart from expanding the gold loan business, where else will you deploy the capital?

■ We would like to grow our micro, small, and medium enterprise business and related activities. We see sizeable scope and opportunities in that segment going forward.

“BEFORE THE WEST ASIA CRISIS, WE WERE TARGETING 18% GROWTH. WE HAVE NOT LOWERED THAT GUIDANCE”

Umesh Revankar
Executive Vice-Chairman, Shriram Finance

Are you looking to enter any new businesses?

■ We would like to focus more on dealer financing and supply-chain financing.

There has been some degrowth in the construction equipment book. Why?

■ Construction activity itself has slowed over the past two years. We expect it to revive as consumption improves.

How much impact do you expect from El Niño?

■ My understanding is that El Niño may have an impact mainly in central India, especially Madhya Pradesh, Telangana, and parts of Tamil Nadu. Oilseeds and pulses are likely to be affected, but rice is not expected to be impacted, based on my understanding. Overall, there may not be a major impact. If the rains are delayed but continue thereafter, things should normalise. Normally, crop output comes in September, but that may get postponed. We have to see how the situation evolves.

Will that affect your farm equipment or tractor books?

■ I don’t think so. There may not be a drought-like situation. I don’t expect any impact.

Your non-convertible debenture borrowings as a percentage have come down. Is that because you did not raise money from the bond market last quarter?

■ Yes. We did not raise any money from the bond market last quarter.

Will you raise funds going forward?

■ This quarter, we may require around ₹20,000 crore, including deposits, term loans, bonds, and securitisation. We don't have any specific target for raising funds through the bond market; it will depend on pricing. Typically, lending is around ₹50,000 crore. Fundraising of ₹20,000 crore will be sufficient because we also have collections.

How do you see the interest rate trajectory this year?

■ As of now, I believe the Reserve Bank of India will be very cautious and may not raise interest rates in December. In that case, I don’t see any immediate change in liquidity or interest rates.

You have been a regular dollar bond issuer, but you have not tapped that market recently. Do you have any plans to issue dollar bonds?

■ No, we don’t have any such plans.

Your capital has increased substantially because of the Mitsubishi UFJ Financial Group transaction. How will that affect your return on assets (RoA)?

■ This quarter, our RoA was 3.93 per cent. It should remain around this level for some time while the capital is available. As we deploy the capital and grow further, it may come down slightly. For the time being, RoA should remain in the 3.9-4 per cent range.