

SHIRIRAM HOUSING FINANCE EMERGING LEADER IN AFFORDABLE HOUSING FINANCE

The emergence of Shriram Housing Finance as one of the top three players in the affordable housing finance space



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**RAVI SUBRAMANIAN,
MD & CEO, SHFL**

Shriram Housing Finance started its journey over a decade ago in November 2010. By September 2015, the AUM touched Rs 1,000 cr. A fresh fillip to this growth narrative came by way of the new leadership team which took over in 2019, under whose steerage, the company embarked upon—SHFL 2.0 journey. The new management worked out a strategy to grow the business and improve asset quality with a focus on 6 key states.

TRANSFORMATION LED BY:

- New Leadership team reimagining the company's place, with an ambitious purpose
- A technology-driven company whose business model, innovation strategy, and growth are technology-centric
- Scaling a granular book in the cross- segment of affordable & mid-segment

- New Credit Appraisal process, better suited for the target consumer segment
- Leveraging the Shriram Group's infrastructure for business sourcing to control operational costs and improve productivity

3X GROWTH OVER THE LAST 3 YEARS

With the strategic vision to become one of the top 3 players in the affordable housing finance sector, the company raced ahead growing over 3x in the last 3 years, from Rs 1500 crore to over Rs 5000 crore by Feb-22. During the same period, the NPAs dropped from 5.6% to under 1.5%. Despite Covid disruptions, disbursements grew by 95% in FY21 and 36% in 9MFY22 and NPAs dropped to its lowest in 8 years.

The company has identified key focus geographies where it has invested in enhancing the distribution footprint. This will help build a strong consumer

understanding for specific micro-market and a credible portfolio; both strategic differentiators over a medium-to-long term. The company's focus states today are growing at 50%+ CAGR.

SHFL embarked upon an expansion strategy 'Griha Poorti', where it fulfills the 'Dream to Own your Home' for all existing Shriram Group customers. They have achieved early success and are confident to replicate this model across all Shriram customers.

On the technology front, SHFL digitized its credit appraisal process to improve turnaround time and enhance risk management. The company intends to aggressively continue its digital journey in the areas of loan applications or underwriting.

POISED TO DOUBLE AUM IN 2 YEARS

The company is targeting to grow the AUM to Rs 10,000 cr by FY24. In FY22, enthused by the improved business metrics of SHFL, the promoters infused Rs 500 crore of growth capital. Further, NHB approved refinance worth Rs 500 cr is adding credibility to the balance sheet. This will help fuel the company's growth ambitions for the next 2-3 years.

Mr. Ravi Subramanian said: "The affordable housing finance sector is on the cusp of a long-term secular growth, because of favourable macros, low interest rates, revival in residential real estate and thus improved affordability. Shriram Housing Finance has the stage set and is poised to be among the top 3 players in the affordable housing finance space. The demand for housing is back with a bang in smaller towns and the overall tailwinds are positive now."

GREAT PLACE TO WORK

In Feb 2022, Shriram Housing Finance was recognised as a Great Place to Work® in India. This recognition is based on employees' assessment of the companies' culture, management, opportunities for advancement and other traits that add up to an exceptional workplace. It marks the outstanding work that the Company has done, specifically on employee practices. The organization creates an environment where everyone feels valuable and cared for; and uses a "people-focused" approach.