

# Shriram Housing may see capital infusion by parent

**AJAY RAMANATHAN**  
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**SHRIRAM HOUSING FINANCE** (Shriram Housing) will likely receive a capital infusion from its parent by the first two quarters of FY24, said managing director and chief executive officer Ravi Subramanian.

Shriram Housing is a subsidiary of Shriram Finance.

While a capital infusion of ₹500 crore would mean that the housing finance company would require additional capital in the next three years, Subramanian feels that ₹750 crore would be sufficient for the company to achieve its assets under management target (AUM).

“The luxuries of having a strong parent cannot be ignored. While some smaller housing financiers without a strong lineage struggle to get a leverage of 3 and 4, I can peacefully go to 7 without a problem because I know that money is avail-

able whenever I want it,” he said.

“At some point of time, most likely during the last quarter of this year or the first quarter of next year, we will get a capital infusion,” he added.

Earlier, YS Chakravarti, managing director and chief executive officer of Shriram Finance, had told FE that the non-bank lender is exploring funding options for its housing finance subsidiary. He had said that the company is exploring various options including a capital infusion, a strategic sale of a 10-20% stake, or an initial public offering. Currently, Shriram Finance has an 85% stake in the housing finance company.

“Listing is fine but it has to be for the right reasons. I would rather focus on building my book, becoming profitable. Once I reach a stage where I can deliver consistent profitability, I will list,” Subramanian said responding to a question on



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MD & CEO, SHRIRAM  
HOUSING FINANCE

when the company plans to list on bourses.

Shriram Housing's incremental borrowings is around ₹8,000 crore in 2023-24 (April-March), and ₹10,000 crore in 2024-25. It will borrow from various sources including banks, capital market, non-convertible debentures and National Housing Bank.

“While the lines to NBFCs and HFCs have not opened up yet, I expect them to open up soon with HDFC's exit. HDFC made a substantial chunk of what National Housing Bank used to fund,” Subramanian said. Shriram Housing's AUM stood at ₹9,539 crore as on June 30.

The affordable housing finance company operates in various seg-

ments like loan against property, top up loans, and construction finance. The average ticket size of its loans is ₹17-18 lakh.

Going ahead, it is focussing on growing its presence in the approved project financing and micro loan against property segment. But, its growth in these segments will be in a calibrated manner. Together, the company is targeting a monthly disbursal run-rate of ₹100 crore for these segments. Overall, the company is expected to hit an AUM of ₹15,000 crore by March 31, 2024. Of this, the approved project financing and micro loan against property would reach a combined AUM of around ₹350-400 crore.

Additionally, the company is looking to enter into more co-lending partnerships with banks. Currently, it has co-lending pacts with State Bank of India (SBI), Punjab & Sind Bank, and Axis Bank.