

‘There is no change from organisational perspective’

Last year, private equity major Warburg Pincus acquired 100 per cent stake in Shriram Housing Finance, which is now re-branded as Truhome Finance. **RAVI SUBRAMANIAN**, managing director (MD) and chief executive officer (CEO) of the company, tells Aathira Varier in Mumbai, that he expects a fall in the cost of funding after the acquisition amid stronger capital position and better credit rating. Edited excerpts:

How much capital has Warburg committed?

We will be changing our brand because we are no longer a Shriram Group company. From January 16 onwards, it will be called Truhome Finance Limited. We expect that the name change will re-energise the team, give us a new identity and propel us to greater heights. Our net worth, which was about ₹1,500 crore till March 2024, will be ₹3,400 crore this March. Warburg has infused almost ₹2,000 crore in the company. We have another ₹400–₹500 crore in the kitty to infuse, should we need it at some point in time. So essentially, Warburg has given us growth capital. Credit rating agencies are comfortable with the Warburg name and the capital they are infusing. Due to this, we have got ‘AA’ credit rating from all the three agencies.

What would be the growth strategy now?

As far as the strategy for growth is concerned, Warburg's view is that we bought this firm for what it is. We want to continue the way we are doing business — no change in strategy, no change in ticket sizes, no change in customer segmentation and no change in yields. Obviously, they will try to bring in operational efficiencies. We will bring in a fair bit of technology upgrade. Overall, from an organisational perspective, there is absolutely no change. The leadership remains the same and people down the line remain the same.

How has been this financial year so far from a growth point of view?

We are the fastest growing affordable housing finance company and we are the third largest affordable housing finance company today. The largest being Aadhaar, second largest is Aavas and the third largest is us. The gap between us and the second largest is narrowing and hopefully in about a year's time we will probably become the second largest. We started the year at about ₹13,000 crore, we are now at about ₹17,000 crore. We will end the year at about ₹18,000–₹18,500 crore. So, that makes about 40–45 per cent in terms of assets under management (AUM) growth.



What is the impact on your cost of funds, after the acquisition?

Post the acquisition, we expect our cost of funds to drop by 25–30 basis points (bps). Earlier, our cost of funds was higher than most in the peer group. The incremental borrowings are likely

to see about 35–40 bps drop compared to the previous ones that we have borrowed. Our overall borrowing is about ₹11,000 crore. It will take nearly a year or 18 months for the rates to go down. Once the repricing cycle comes in, we will get it repriced or will probably keep borrowing and repaying old debt which is more expensive. Secondly, a

higher capital situation gives us the might to negotiate harder with most of the banks.

What are the expansion plans?

We have about 171 branches. We will end the year around 180 and we have plans to take it to about 250 by March FY26. So, we will be opening another 70–odd branches next year. We are largely in Tier-II and -III cities. We have about 45 per cent of our business coming from these. With this growth that we are currently planning in the 70 branches, all of them will be in Tier-I, -III and -IV cities. So, the contribution of Tier-II, -III and -IV cities will go up from 45 per cent to close to over 60 per cent. By FY27, we will be 60 per cent in Tier-II and -III cities and 40 per cent in Metro and Tier-I cities.



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Truhome Finance