

Shriram non-banks to cross-sell products in 500 branches in July ahead of merger

Shayan Ghosh
 shayan.g@livemint.com
 MUMBAI

1 **N**on-bank financiers Shriram City Union Finance and Shriram Transport Finance are set to extend the pilot on cross-selling products from 50 branches to 500 in July to prepare for the proposed merger that was announced in December, YS Chakravarti, chief executive, Shriram City Union said.

“It is part of the integration process and efforts are on to train employees get familiarized to each other’s systems,” he added. At the front-end, the company has modified certain systems to cross-sell products.

While Shriram City focuses on small business, gold and two-wheeler loans, Shriram Transport is in the business of commercial vehicle financing and working capital loans.

“The pilot will be till August before increasing the number of branches further. By end of October, all branches should be seamlessly cross-selling each



Shriram City Union Finance and Shriram Transport Finance are expected to become one legal entity by October. MINT

other’s products,” Chakravarti said in an interview.

Back-end integration is also going on and should be completed in six-eight weeks, he said. “We have been able to see good demand across products. In specific geographies such as Andhra Pradesh and Telangana, we are seeing demand in Shriram Transport branches for small business loans and gold loans. In certain pockets we have seen demand for two-

wheeler loans from Shriram Transport customers.”

In Maharashtra and parts of Uttar Pradesh, the lenders are witnessing demand from small entrepreneurs for small commercial vehicle loans, he said.

In the 45 days of the pilot, branches have generated 20% more leads than usual, with ₹40 crore in additional business leads, Chakravarti said. “These leads led to ₹4.5-5 crore of loan disbursement and we expect that in

seven-eight days, another ₹5-6 crore of credit would be disbursed. The pilots are meant to get our employees familiarized with the operating procedures of each system, and to learn how to evaluate customers for these products,” he added.

The non-bank lenders are expected to become one legal entity by October. On 15 June, the Reserve Bank of India had approved the merger and the group now awaits nods from the Competition Commission of India, Insurance Regulatory and Development Authority, shareholders, creditors and the National Company Law Tribunal. “From the December quarter of FY23, declared result will be for the combined balance sheet,” he said.

In December, rating agency Fitch had said that the merger will result in a rise in Shriram Transport’s exposure to riskier assets, and the management’s plans for higher growth by the combined entity may heighten Shriram Transport’s risk appetite and raise asset-quality risk.