



## Press Release

### **Shriram City Union Finance Launches Gold Loan Products in Seven Northern States**

- Loan against gold will be offered in 70 branches
- Aims to touch Rs. 15,000-20,000 crore gold loan disbursement mark in the next five years

**Chennai, April 12, 2022:** Shriram City Union Finance Ltd. (Shriram City), a part of the Shriram Group, announced the launch of its Gold Loan Products in 70 Branches in the state of Punjab, Rajasthan, Haryana, Himachal Pradesh, Jammu & Kashmir, New Delhi and Uttaranchal to address the growing demand of the product. The company has a strong gold loan franchise in southern India and aims to replicate the success in the northern region.

Demand for gold loans has especially risen for the last two years, where Shriram City's portfolio has contributed 13% of the AUM as of December 2021 against 10% in the previous year. Overall, gold loan disbursements have observed a healthy growth of Rs. 4,610 crore in the nine months of FY22 compared to Rs. 4,140 crore year-on-year, indicating better trends in FY23. Interestingly, the perception towards taking a gold loan is slowly changing, and Gold loans are also emerging as an all-weather loan. Today, gold loan as an asset class is one of the most convenient resorts to avail easy credit to address the immediate financial requirements of individuals/businesses.

Going forward, the company is targeting an average gold loan ticket size in the range of Rs. 50,000, with limited Loan to Value (LTV) at 75%, leaving the scope of the marginal requirement for additional margins in times of adverse gold price fluctuations. Over a period, the company has seen the life of its loan in the range of 5-6 months despite the usual tenure norm of 12 months, reflecting the borrower's propensity to repay. Most of the Gold loans offered by Shriram City involve bullet repayments, and the interest rates are very reasonable.

Commenting on the launch, **Mr. Y.S. Chakravarti, MD & CEO, Shriram City** said: "There is a great opportunity, and immense affinity toward physical assets in India, and gold shines the brightest among them. We initiated our approach of lending to the credit-tested customers of Shriram, and have seen strong demand, good credit quality, and no stress on repayments. Our gold loan book as of Dec-21 stands at Rs 4,110 cr. We will target growing the gold book to Rs. 15,000-20,000 cr over five years. In South India, we have a strong franchise for gold loans, and the majority of our business comes from this region. We will replicate in the north the best practices that have worked for us and look at profitable growth Pan-India."

### **About Shriram City Union Finance**

Shriram City Union Finance (Shriram City; BSE: SHRMCITY, NSE: SHRIRAMCIT), a 35-year-old company and part of the Shriram Group, is one of India's leading non-banking finance companies. Focused on the rural and semi-urban sector, the Company has over 4.31 million customers and has an Asset Under Management of around INR 368.5 Billion. The Company is a leading Two-wheeler financier, provides loans to SMEs, Gold loans, and also has a Housing Finance Subsidiary, Shriram Housing Finance Ltd with an AUM of INR 42.5 Billion. Shriram City has 986 branches and an employee strength of 27,000 across India as of 31 Dec 2021. The company's Long term credit rating is at AA with Positive Outlook by India Ratings, and AA on Rating Watch with positive implications by CRISIL, ICRA, and CARE. Shriram City has been named one of the Best Places to Work in India in 2021 by AmbitionBox, an Info Edge subsidiary.

### **About Shriram Group**

Shriram Group is India's leading financial conglomerate with a dominant presence in commercial vehicle (CV) financing, retail financing, chit fund, equipment financing, housing finance, life insurance, general insurance, stockbroking, distribution of financial products, and wealth advisory services. The Group focuses on serving the underserved and is driven by its Financial Inclusion agenda of bringing finance to low-income families and small businesses. Shriram Capital Limited is the holding company for the Financial Services (Shriram City Union Finance Limited & Shriram Transport Finance Limited) and Insurance entities (Shriram General Insurance Company Limited & Shriram Life Insurance Company Limited) of the Shriram Group. Shriram Housing Finance Limited is a subsidiary of Shriram City Union Finance Limited. The lending and insurance companies were created with the primary objective of optimizing the synergies across the Group entities.

Shriram Group together has an overall customer base in excess of 21.5 Million, around 74,500 employees across 3,950 branches. Net profit of INR 49 billion with Assets Under Management (AUM) of over INR 1.75 trillion (FY21).

### **Media Contact information:**

Diana Monteiro  
DVP - Corporate Communications  
Shriram Group  
Mobile: +91 9820779897  
E-mail: [diana@shriram.com](mailto:diana@shriram.com)