

'MSME lending our focus this year'

The latest business conglomerate to enter the financial services segment is Godrej Industries. In an interview with Manojit Saha, Godrej Capital's Managing Director and Chief Executive Officer **MANISH SHAH** talks about the non-banking finance company's growth plan. Edited excerpts:

Godrej Capital has two lines of business — housing finance and MSME lending. What is the loan book size of the housing finance arm?

We have recently crossed an important milestone — ₹5,000 crore assets under management (AUM) across both of the companies. While Godrej Capital came into being last year, we commenced our lending business in the housing finance company in November 2020. We expect to close FY23 across both Godrej Capital entities at ₹5,500 crore.

We had said that an important milestone would be ₹10,000 crore of AUM at the end of our third full year of operations. Thankfully, we will be crossing ₹10,000 crore comfortably by

March 2024. At the end of March, the HFC has about ₹4,000 crore AUM and about ₹1,500 crore will be in the NBFC.

For the housing finance business, which are the segments you are targeting?

So most of our focus is where the homebuyers are. So, we work with about 200 projects in the country across all of the reputed developers. Our average ticket size is between ₹50 lakh and ₹55 lakh. We have seen that our sweet spot, where buyers see most value, has been

in the ₹50 lakh to ₹1 crore range.

The average ticket size between ₹50 lakh and ₹55 lakh means you are mostly concentrated in the metro regions. Which are the cities or geographies you are concentrating on now? And what is the plan to expand to other cities?

We started in five cities and continue to be focused on those five cities as far as your housing loans are concerned. On the NBFC side, we are currently in 11 cities looking to go to 30. On the housing side is Mumbai, Delhi, Pune, Bengaluru, and Hyderabad. We followed this footprint largely because our starting point was where the group company Godrej Properties had his projects.

What is the medium-term growth road map for the housing finance business?

Of the ₹30,000 crore balance sheet that we aspire to get to in three years from today, we believe ₹10,000 crore to ₹12,000 crore will be from housing finance.

On the MSME lending business, which is done through Godrej Finance, what



is the loan book now and what kind of growth do you see over the medium term?

This is going to be a very important focus area for us whether it's SME or MSME, but essentially looking at

enterprise. This is the business we mostly started in 2022. We got our first 1,000 customers this year on the small business side, with a ₹1,500-crore loan. Going forward in Godrej Finance and specifically looking at SME MSME, this year is going to be a very big area of focus

for us where we are going from 1,000 customers to 10,000 customers this year and from ₹1,500 crore AUM to over ₹5,000 crore AUM in just MSME-SME alone in FY24.



MANISH SHAH

MD & CEO,
Godrej Capital

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