

Published Date	16 June 2025	Portal	ET BFSI
Edition	Online	Category	A
Headline	L&T Finance to add 60-70 gold loan branches, more personal loan tie-ups soon: MD & CEO		

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<https://bfsi.economictimes.indiatimes.com/amp/articles/lt-finance-to-add-60-70-gold-loan-branches-more-personal-loan-tie-ups-soon-md-ceo/121867371>

The Managing Director and CEO of L&T Finance, Sudipta Roy in an exclusive interview with ETBFSI said the NBFC plans to add 60–70 new gold loan branches, taking the count to around 200, following the acquisition of Paul Merchants Finance’s gold loan business. He further told that these outlets will eventually offer the full spectrum of L&T Finance products. On the digital lending front, specifically the personal loan segment, he said the company has gone live with major platforms including Cred, Amazon, and PhonePe, and told that “more partnerships are in the pipeline”. “Our focus remains on fulcrum businesses like two-wheelers and microloans, but we’re also entering new geographies and building out our gold loan and personal loan offerings aggressively,” Roy said.

During the conversation, the MD & CEO said L&T Finance maintains a dominant rural presence, with strong exposure in priority sector lending such as tractors, some parts of MFI, and some parts of SME loans —sectors less served by urban-focused NBFC peers. “The company also focuses on optimizing its cost of funds to support business lines more effectively.” NBFC Funding Challenges: Highlighting structural limitations, Roy noted that most NBFCs are non-deposit-taking and must generate their own “raw materials” — i.e., borrowings, human capital, and product innovation. This dependency distinguishes NBFCs from banks, particularly on the liability side.

He pointed out that banks have historically benefited from access to liabilities data, aiding in more precise risk assessment. However, with the introduction of the Account Aggregator framework, NBFCs now enjoy a more level playing field in terms of data access. “Earlier, banks had access to liabilities data, giving them a 100–150 bps advantage in lending risk. That edge has now been levelled,” Roy said. Microfinance Sector Headwinds: Talking about the performance in the last Financial Year, the MD&CEO told despite headwinds, the company delivered its highest-ever Profit After Tax (PAT) of ₹2,644 crore, reflecting a 14% year-on-year growth.

“Disbursements stood at approximately ₹60,000 crore, marking a reasonable increase over the previous year, though marginally below internal targets,” he told. Further, he said a key drag on growth was asset quality stress, particularly in the microfinance segment, where L&T Finance holds a sizable ₹26,000 crore Joint Liability Group (JLG) portfolio. “The company chose a conservative approach during this period, deliberately slowing disbursements to avoid long-term detriment.” 'Project Cyclops' remained nearly 150% more efficient Talking about the L&T Finance’s 'Project Cyclops' – an advanced credit assessment mechanism – the MD &

CEO said credit outcomes from 'Project Cyclops' were nearly 150% better than traditional underwriting methods—demonstrating the effectiveness of data-led decision-making.

Roy emphasized the critical role of technology and data analytics in modern finance. Tools that synthesize disparate data quickly and meaningfully are now central to effective decision-making, especially in credit underwriting and customer engagement.

L&T Finance to add 60-70 gold loan branches, more personal loan tie-ups soon: MD & CEO

In a bold stride towards growth, L&T Finance is gearing up to amplify its gold and personal loan services. The recent acquisition of Paul Merchants Finance's gold loan operations paves the way for new branch openings focused on gold lending. The company is also collaborating with industry giants like Cred, Amazon, and PhonePe to boost its digital lending initiatives.

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NBFC Funding Challenges:

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