US fund Warburg to buy Shriram Hsg Fin

₹4,630Cr Deal Marks Largest Acquisition Of Home Loan Co By Private Equity Firm

Times News Network

Mumbai: US private equity major Warburg Pincus is set to acquire Shriram Housing Finance for Rs 4,630 crore — the largest acquisition of home loan company by a PE fund in India. This is also New York-based Warburg's biggest investment deal in the country yet.

Shriram Finance owns a controlling stake in the housing finance company, while Mauritius-based PE firm Valiant Partners holds the rest. As part of this transaction, Valiant will completely divest its equity stake to Warburg.

Despite the change in ownership, the existing management team of Shriram Housing Finance— led by MD and CEO Ravi Subramanian — will continue to lead the business. However, the company will be renamed after the transaction is complete.

Shriram Housing reported a revenue of Rs 1,429 crore for FY24 and its net worth for the same period stood at Rs 1,923 crore. Shriram Finance will receive a minimum consideration of Rs 3,909 crore along with some additional amounts based on occurrence of identified events.

Warburg will make the purchase through Mango Crest Investment, a Mauritius-incorporated entity undertaking investment activities. "We expect to complete the transaction within 200 days. The sale will add to the net worth and SFL will get an after tax gain of Rs 1,360 crore," said Umesh Revankar, executive chairman, Shriram Finance. "SFL is a growing business and will need capital. The sale will improve the capital adequacy ratio by one percentage," he added, adding that there are some commercial relations between Shriram Finance and Shriram Housing Finance that will continue.

"Our focus will be on lending to businesses either for acquiring vehicles or for any business against mortgage of property that is the core of the company... it will continue to be core," said Revankar.

Shriram Housing Finance has 155 branches across the country and assets under management of Rs 13,762 crore. Revankar said that there is certain commercial business that is carried out with SFL at an arm's length basis, and which will continue after the merger.

In 2019, Blackstone had bought a 97.7% stake in Aadhar Housing Finance for about Rs 2,200 crore. Blackstone partially exited Aadhar Housing through a recent IPO.

Warburg's Biggest India Bet Too

- **Warburg**'s acqusition of **Shriram Housing Finance** is its biggest deal in India yet
- This is also the biggest deal in the **affordable housing space**
- Prior to this, the largest deal by Warburg was in 2021 when it acquired a stake in **MedPlus** for **₹1,500cr** in 2021
- The **biggest PE deal** in housing fin before this was in 2019, when **Blackstone** bought a 97.7% stake in **Aadhaar Hsg Fin** for **₹2,200cr**