Warburg acquires Shriram Housing Fin for ₹4,630 cr

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US-based investment giant Warburg Pincus Llc on Monday struck its biggest deal in India yet, beating some of world's top private equity players to win Shriram Group's housing finance subsidiary for ₹4,630 crore.

Warburg Pincus will acquire a controlling stake in Shriram Housing Finance Ltd (SHFL) from Shriram Finance Ltd (SFL) and other sellers through its affiliate Mango Crest Investment Ltd. Shriram Finance holds 85% stake in the housing finance arm, while private equity firm Valiant Partners LP, Mauritius, owns the rest.

"This transaction aims to maximize value creation for both SFL and SHFL, as both companies independently fulfill their respective long-term vision," said Umesh Revankar, executive vice-chairman, Shriram Finance, announcing the deal late on Monday.

Mint in January first reported that the promoters of the Chennai-headquartered financial services conglomerate were in talks with Warburg Pincus and Bain Capital LP to sell Shriram Housing Finance at a valuation of about ₹5,000 crore.

The deal, the biggest in India's affordable housing finance space, was clinched amid rising interest in India's rapidly growing home mortgage finance market. Shriram Finance said it will receive a minimum amount of ₹3,909 crore, plus some additional amounts based on occurrence of identified events. The transaction is expected to be completed by 7 February, 2025.

After the latest deal, Shriram Housing Finance will operate as a standalone entity, with the existing management team continuing to be led by Ravi Subramanian as its managing director and chief executive.

India's housing finance companies' portfolio is expected to expand at 12-14% per annum in 2024-25 on the back of rising

TURN TO PAGE 6