Warburg to buy Shriram Housing Fin for ₹4.6K cr

SHINE JACOB
Chennai, 13 May

The board of Shriram Finance Ltd (SFL) on Monday approved the sale of its housing-finance subsidiary Shriram Housing Finance Ltd (SHFL) to Warburg Pincus, a leading global growth investor, for ₹4,630 crore.

Warburg Pincus will acquire the stake through its affiliate Mango Crest Investment from all the sellers.

"The proposed transaction is valued at ₹4,630 crore for equity and convertible instruments of SHFL," the company said in a statement.

The transaction is subject to regulatory approvals.

SFL holds a controlling stake in SHFL while private-equity firm Valiant Partners LP (Valiant), Mauritius, holds the rest. As part of this transaction, Valiant will sell its equity stake to Warburg Pincus.

SFL is one of India's leading non-banking financial companies (NBFCs), serving over 8.4 million customers in India, offering commercial-vehicle loans, two-wheeler loans, and micro, small, and medium enterprises (MSME) financing.

"This transaction aims to maximise value creation for both SFL and SHFL, as both companies independently fulfil their respective long-term vision. We welcome Warburg Pincus and look forward as SHFL continues to build on its legacy and embrace its next phase of growth," said Umesh Revankar, executive vice-chairman, Shriram Finance.

SHFL, one of India's leading players in the affordable housing segment, has been reporting an annualised growth rate of 56 per cent compound annual growth rate (CAGR) over the past four years.

Following the conclusion of this transaction, SHFL will operate as a standalone entity. The existing management team of SHFL, led by Ravi Subramanian, managing director and chief executive officer, will continue to lead the business.

"Over the years, SHFL has built a differentiated business and a strong brand, providing accessible and innovative financial solutions to meet diverse customer needs across the Indian housing finance landscape. The company has been reporting industry-leading CAGR while building superior asset quality," he said.

Revankar added: "With the rapid growth in the consumer finance sector, both SFL and SHFL foresee tremendous opportunities in their respective operating segments. We believe that at this cusp of growth, SHFL is set to unlock greater value as it empowers underserved millions to own homes."

YS Chakravarti, managing director and chief executive officer, SFL, said: "The acquisition stands as a testament to the unwavering commitment and dedication of SHFL's team in establishing a robust and successful business franchise. We believe that this transaction is in the best interest of SHFL shareholders towards greater value generation and comes at an opportune time for us as well."

JM Financial, Barclays, and Avendus acted as financial advisors to SFL, SHFL, and Valiant. Trilegal and Anagram were legal advisors to Shriram Group and Valiant, while Cyril Amarchand Mangaldas advised Warburg Pincus on the transaction.

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UMESH REVANKAR
Executive vice-chairman, Shriram Finance